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## Real Estate

Section **9**

# Loft Market Grows, at Lofty Prices

TriBeCa is the focus, but increase extends to Wall St. and Williamsburg.

By TRACIE ROZHON

**T**HERE it is: an old seven- or eight-story brick manufacturing building with big windows across the front, standing vacant or partly vacant and forlorn on a side street in TriBeCa, SoHo, North Gramercy, Flatiron, Chelsea, the Meat Market area, the Financial District, across the river in the Williamsburg section of Brooklyn — anywhere in New York City where art collectors, bankers, designers, stockbrokers and hip upper-middle-class parents might consider living in enormous sheet-rocked spaces.

A few years ago the building might have been labeled an eyesore. Now it is a prize. And alerting a developer — small-time, big-time — to such a building is like dangling a piece of hamburger in front of a hungry Pomeranian. A small building is generally better than a big building: To be desirable, apartments need natural light, and apartments deep in the center of a big square building don't have much natural light.

"For every good vacant building that you see, there are already 20 developers circling it," said Jack Lefkowitz. Mr. Lefkowitz should know. He is involved in two large residential loft projects, one in the heart of TriBeCa and one in the heart of Williamsburg.

"You wouldn't believe how many small-time developers there are now — people who spend their weekends prowling streets off the beaten path, jotting down the addresses of vacant or nearly vacant buildings — and they're on the phone Monday morning," said Richard Tola of Massey Knakal Real Estate, who sold two loft buildings in the East 20's in the last six months. "The problem is, there are very few sites left."

Development sites have been snatched up: For the fortunate few who began buying in the recession, the cost was between \$15 and \$50 a square foot; for developers who bought them in the last year, they were on average about \$100 a square foot. This month, at least a dozen buildings in TriBeCa alone, totaling over one million square feet are being gut renovated or are in the process of getting the necessary permits — more than at any time since the heyday of the mid-to-late 80's.

Real estate agents are beginning to sell, or more correctly to show, prospective buyers some of the raw spaces, most of which when finished will have many more services than the buyers used to find in lofts. Most of the buildings do not yet have a Certificate of Occupancy, which allows people to move in; many do not even have their condominium plans approved by

the state, so the lofts cannot be sold. Nevertheless, brokers stress that "reservations" can be accepted — and that business is brisk. And prices for the "end buyers" — the people who are actually going to live in these spaces — can be over \$400 a square foot for jumbo-sized million-dollar lofts. (The 2,350-square-foot penthouse loft at the 129 Duane Street conversion, by no means the most expensive in the city, is priced at \$1.2 million, or \$510 a square foot.)

Loft buyers are a hardy group. A few days ago, a trip to see just-unveiled loft spaces necessitated navigating among workers squirting wet cement out of a giant hose onto an entrance corridor floor; workers "blasting" (luckily, warnings referred to sandblasting some old yellow pine beams), and workers hammering metal pipes.

"Watch the holes," said one broker as she escorted a visitor onto the top floor of the new conversion at 166 Duane Street. The holes were about 6 feet by 2 feet, and the visitor was able to see straight down from the 12th to the first floor.

"For some people, the adventurous conditions are all part of the fun," said Mark S. Blau, 166 Duane's developer, confidently surveying the activity as the rickety stripped-down freight elevator shuddered from floor to floor. As if to prove the point, earlier this month at another new conversion a couple celebrated their forthcoming marriage with champagne — in their raw loft at 429 Greenwich Street. The couple — she owns a design firm, he's a computer marketer — had got their marriage license in the morning, closed on their loft in the afternoon and held a party at the construction site that night.

Besides being daring, these new loft buyers are a more inclusive group than those of the go-go 80's, who were largely artists and art lovers. And because the buyers include different types of people, the lofts being created are designed differently.

**F**OR one thing, today's lofts are bigger than the 1,600 and 1,700-square-foot spaces partitioned off in the late 80's. (One advertisement, for lofts at 140 Perry Street in the West Village, labels its 2,800-square-foot lofts "Heroic Scale Condominiums, Carved From a Former Stable.") As if they had attended the same class on loft sales — or the same political convention — one sales agent after another repeated that these new lofts were "designed for families."

"These are the families — father's a banker, mother's a lawyer — who would have been looking for a \$600,000 house in Short Hills to raise their family," said Mr. Tola. "But their work is in the city, they've got the schools nailed down already in the city, so what kind of apartment do they want?"

Lauren Applebaum, an agent with A. J. Clarke who specializes in prewar apartments on the Upper West Side and rarely touches a loft, said that city families naturally want big apartments — which used to mean the big classic sixes and sevens on the Upper East and Upper West Sides. But increasingly, Ms. Applebaum said, "there is a mismatch between what buyers want and what the market provides."

The classic six in a prewar, doorman building can start at a half million dollars, and depending on building and location shoot up to over a million dollars.

"And they may not really be suitable," the agent said. A classic six, for example, has only two bedrooms, plus a maid's room near the kitchen and a formal dining room, also near the kitchen. Contemporary families with two or more children, however, rarely dine formally and might prefer a bigger eat-in kitchen or another bedroom. As an alternative, the loft agents report, families are attracted to the open spaces of the converted manufacturing buildings and now increasingly can select their own layouts, with open kitchens and huge multipurpose rooms: kitchen/dining room/living room/family room — even study or playroom — combined.

They are also attracted to the neighborhoods. "I grew up on the Upper East Side," said Michael Selverne, a 37-year-old entertainment lawyer who will close at the end of this month on a 2,100-square-foot loft in North TriBeCa, "and I had enough of the population density up there — it's gotten so

At right, former Royal Baking Powder Company in the Williamsburg section of Brooklyn, which a developer is planning to convert to 136 residential lofts priced from \$300,000 to \$350,000.

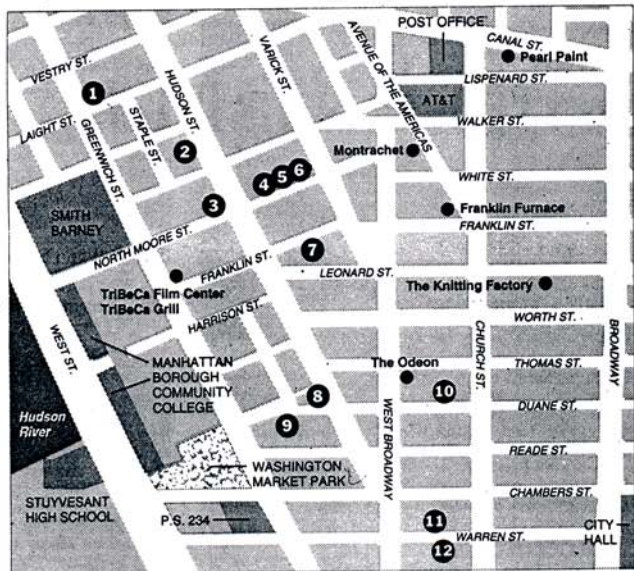


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## More New Lofts Coming to TriBeCa

The former manufacturing center below Canal Street is experiencing another wave of condominium conversions. A dozen under way or planned are indicated here; details, sometimes incomplete, were supplied by developers or real-estate agents. Square footage is for entire buildings.



- 1. The Dietz Lantern Building** 429 Greenwich Street: 96,250 sq. ft., 28 lofts, \$590,000 to \$2.4 million. Developers: Martin Joffee, Rolf Hoffman.
- 2. 145 Hudson Street** 145,000 sq. ft. plus a new building; 42 2,000 sq. ft. lofts in the old building; 70 lofts in the new building, \$600,000 to \$700,000. Developers: Stanley Scott, Joseph Pell Lombardi.
- 3. 121 Hudson Street** 110,400 sq. ft. Developer: The Strategic Group.
- 4. Merchants House** 31-37 North Moore Street: 85,000 sq. ft., 28 lofts, 3,000 to 3,800 sq. ft., \$795,000 to \$1.95 million. Developer: DCH (Da Chung Holdings).
- 5. The Ericsson Ice House** 27 North Moore Street: 189,000 sq. ft., 49 lofts, prices up to \$1.7 million for 4,400 sq. ft. penthouse. Developers: Jack Lefkowitz, Joseph Pell Lombardi.
- 6. Atalanta Building** 25 North Moore Street: 133,348 sq. ft., with 750-seat movie theater on first four floors, 45 lofts priced at \$350 a square foot. Developers: Brickman Associates, others.
- 7. Sugar Loaf Building** 155-157 Franklin Street: 60,984 sq. ft., 10 units, 2,500 to 3,500 sq. ft. each, \$795,000 to \$1.5 million. Developer: Chris Clark.
- 8. Duane Park Building** 168 Duane Street: 141,120 sq. ft., 30 lofts, 2,732 to 9,000 sq. ft. each, \$695,000 to \$5.5 million. Developer: Mark S. Blau.
- 9. 176 Duane Street** 12,500 sq. ft., three lofts, 2,500 to 3,500 sq. ft. on top three floors of five-story building. Developers: Steven and Madeleine Wils.
- 10. 129 Duane Street** 21,875 sq. ft., 7 residential lofts, \$590,000 to \$1.7 million. Developer: Paula Levine.
- 11. 50 Warren Street** 21,800 sq. ft., 6 lofts, 1,500 to 4,400 sq. ft., \$175,000 to \$1.3 million. Developer: Savanna Partners.
- 12. 47 Warren Street** 19,110 sq. ft. 4 lofts, \$895,000 to \$1.9 million. Developer: Koby Ravitz.

The New York Times

bad you can't even walk on the sidewalk any more. I crave the quiet, the complacency, the neighborhood of downtown.

"Downtown, you can still walk into a pet store, grab a bone and say 'Bobby, put it on the bill' and walk out," said Mr. Selverne, who lives with his wife, Stacy, their 3-year-old daughter, Hannah, and a golden retriever named Lucy. The Selverne family has lived in Battery Park City since the late 80's and has seen the whole TriBeCa/Battery Park City neighborhood change dramatically since they moved in. Besides the chic restaurants ("Robert De Niro took a whole block of Franklin Street and gentrified it," the lawyer said, referring to Mr. De Niro's film center and the three TriBeCa restaurants in which he is a partner), Mr. Selverne said there are plenty of educational options.

"I am an alumnus of the Friends School on 16th Street, and I intend to send my daughter there," he said. "But my friends tell me the local elementary school, P.S. 234, is great and they're building an intermediate school. Then there's Washington Market, the Park Pre-School and Buckle My Shoe, just to name a few TriBeCa preschools. Then Hannah goes to tutoring classes on Friday nights and there's a music school." Then there is the space. "Our apartment is 2,100 square feet," he said, referring to his new apartment, with barrel vaulted ceilings, at the Dietz Lantern Building at 429 Greenwich Street at Laight Street, where all 28 of the new lofts have been spoken for. "A client of mine bought a 2,400-square-foot classic seven on Park Avenue in the 80's. He

paid \$1.2 million and change, half cash. And it's a co-op building; his neighbors actually have a say in what he can do."

All the new loft conversions are condominiums, which do not have the strict rules of co-ops. And although Mr. Selverne declined to say what he will pay when he closes at the end of the month, he said it was "substantially less" than his client paid. (The 2,100-square-foot lofts in the building range from \$550,000 to \$585,000, according to the marketing material, with monthly common charges from about \$1,300 to \$1,600.)

While two owners have already closed and have moved into the Dietz Building — one of the first of the new wave of TriBeCa condo conversions — Mr. Selverne said his family might wait for the end of the construction and the advent of the 24-hour doorman. This brings up another difference between the old- and new-style lofts. Brokers and agents emphasize that many of the new loft buildings come with many more services than they used to.

Buyers are "bringing with them the services from the Upper East Side," said Koby Ravitz, a real estate agent with the Halstead Property Company. "Twenty-four hour doorman, live-in super," he said. "You want it, you get it." Mr. Ravitz is living his dream. Two years ago, he bought his own 19,110-square-foot loft building, at 47 Warren Street, and is developing it himself into four large loft apartments. Because of the size of the building, Mr. Ravitz cannot offer the services larger buildings may have.

Today's loft is also frequently done with a

different level of finish, although one loft project — the 133,348-square-foot, 17-story Atalanta Building at 25 North Moore Street — will be offered as 45 raw lofts, according to Bruce Brickman, the lead developer.

In the main, the new loft spaces are offered with elegant, if streamlined, kitchens and baths, with central air-conditioning and heat and refinished floors. At 129 Duane Street, a small project — seven residential and two commercial lofts — with Paula Levine as developer and Tamara Beudecz as architect, the bathrooms come with polished pure white Grecian marble floors and walls, and a refined open kitchen has light maple cabinets, Bosch dishwashers and SubZero refrigerators. (Prices range from \$590,000 to \$1.7 million.)

The lofts at 129 Duane, despite their fine finish, suffer a drawback that some others of the new breed do not. Because of the building's narrow width, they are the old-fashioned type: long and skinny, with substantial light only from the front windows.

Buyers will presumably be comparing these lofts with those in Mr. Ravitz's building, which, while not as desirable a block, is much wider and allows for much more light in the four full-floor units, each offering 3 bedrooms and 2½ baths. There, the 27- by 50-foot living rooms are high, wide and bright, finished with Canadian paneled maple kitchen cabinets in a more traditional style. (Prices: \$895,000 to \$1.9 million, carrying charges \$1,100 to \$1,300 a month.)

Both developers — at 129 Duane and 47 Warren — are adding wood-burning fireplaces — a trend in most of the new conversions. Mr. Ravitz called them "de rigueur." A few days ago all the metal flues were still visible above the metal firebox in the stunning penthouse space at 47 Warren, snaking their way to the roof in a configuration that resembled an abstract sculpture.

The developers say they are also presenting potential buyers with more choices — the old lofts often came with nothing but plumbing hook-ups. "That was when they paid \$100 a foot," Mr. Ravitz said. "Now they are paying at least \$300 and they want something more to show for it."

"It's kind of a competition," he said. "There's now four or five conversions just in TriBeCa that are coming on the market — with a lot more being planned — and if you want to get the customers, you'll put in better finishes; the competition is pushing the quality."

The competition is also pushing the locations. Almost every week, a new conversion is announced in the Wall Street area. Two that have not yet been announced are loft conversions at 110 Liberty Street and 205 Pearl Street. At 110 Liberty, David M. Baldwin Realty plans to market 13 lofts ranging from 950 to 1,350 square feet for from \$2,400 to \$4,000 a month. At 205 Pearl, the developer David Silverstein is planning to offer nine lofts, each more than 2,000 square feet, for as yet undetermined rents.

**D**EVELOPERS are consulting privately with real estate agents and marketers about several other sites. They include 345 West 13th Street; 245 Seventh Avenue at 24th Street; a garage at Hudson and Charles Streets, and 14 East 33d Street, where a developer plans on building an as yet undetermined number of 1,900- to 2,700-square-foot lofts. "There's 2,000 new units scheduled to come on just in the financial district alone," said Michael Goldenberg, head of the Halstead Property Company's downtown office, referring to the total of both lofts and traditional apartments planned for this section of downtown. "And I'm not including the little projects."

"There's a new development on 14th Street," Mr. Ravitz said, referring to the new Union Lane Condominiums conversion over Bunnies, a children's clothing store at 116 West 14th Street where Zuberry Associates, the developer, has sold all 14 units at prices ranging from \$250,000 to \$600,000 for half-floor lofts. "A few years ago, who would live on 14th Street?" He added that developers were exploring the Meat Market area, the area around 14th Street and 10th Avenue. But developers point out that residential development there might be more tricky than in some other areas. "The city wants to keep the butchers there," said Mr. Lefkowitz, the developer.

Mr. Lefkowitz grew up in the Williamsburg section of Brooklyn, but moved out, he said, because there weren't big spaces to raise his large family. But now he is coming

back — to build big spaces for others.

"We were all brought up in large families," he said. "Our parents squeezed us into small brownstones. Now people have the money for big lofts." In Williamsburg, Mr. Lefkowitz has bought the 250,000 square-foot Royal Baking Powder Company, a three-building complex around a central cobblestoned courtyard. While some developers might put a deposit on a site to make the deal contingent on receiving the permits necessary to change the existing zoning from manufacturing to residential, Mr. Lefkowitz took a chance.

"We went a little bit speculative," he said. "This product we bought, we closed all cash without the permits. That is because we call this a slam dunk. Why would the city not give us permission? Housing here is needed; the buildings are vacant; the city will grant us permission. On one hand, it is speculative, but my business head tells me it's a slam dunk. We will get it."

The complex of six- and seven-story buildings at Kent and Wythe Avenues has been used most recently by a clothing manufacturer who made uniforms during the Gulf War, Mr. Lefkowitz said. "As the Bush Administration pulled the plug on the war, the manufacturing company went into bankruptcy and shut down," he said. The complex has been vacant since 1991. Chemical Bank had foreclosed, and in 1995 Mr. Lefkowitz bought it from them, for an undisclosed figure. "The building has a market value of \$6 million," the developer said, "but we bought it for considerably less."

Mr. Lefkowitz, aided by Howard Hornstein, a lawyer and a former member of the City Planning Commission, and Joseph Pell Lombardi, an architect who boasts of 15 buildings that have been converted to loft apartments, are ready to go before the Board of Standards and Appeals, and then before the City Planning Commission, to change the manufacturing zoning to create 136 residential units. The developer estimates the process could take nine months a year. If all goes well, the \$25 million project could be ready by the spring of 1998. The loft apartments will average 1,750 square feet; each will have exposures on the outside and on the courtyard. At \$300,000 to \$350,000 each, they will sell for less than Mr. Lefkowitz's TriBeCa venture — the 49-unit Ericsson Ice House at 27 North Moore Street — where the penthouse is tentatively set to sell for \$1.7 million. But like the TriBeCa lofts, the Williamsburg loft apartments will be sold "semi-finished," according to the developer, with the buyers able to choose their own finishes and even the way they would like to partition the space.

Mr. Lefkowitz admits to occasional cruising around looking at sites. "What do you think of the Financial District?" he asked. "My jury's still out."

**S**O FAR, developers appear to be having good luck with sites that might still be labeled off the beaten path.

At the Spears Building, at 525 West 22d Street — almost in the Hudson River in Chelsea — the developers, Savanna Partners, have turned a 110,000-square-foot 1930's furniture warehouse into medium (1,784 square feet) and large (3,686 square feet) lofts with fireplaces. In two months of sales, they have sold 25 out of the 30 lofts, for prices ranging from \$841,000 to \$1.6 million, according to Helene Luchnick, a vice president at Douglas Elliman real estate.

Ms. Luchnick knows the loft scene as well as anyone; she can recite square footage and price tags for every project announced — and for some that haven't yet been announced. For her, the activity is exciting and lucrative.

"But the market may be glutted, especially in TriBeCa," she said the other day, cautioning restraint. "It remains to be seen if the area can absorb all these lofts. TriBeCa's a pretty small place. The Dietz Lantern Building sold out so quickly because the were the first. The Merchants House" on North Moore Street "took a little longer." She paused. "But look at SoHo, where the only loft project is the New Museum Building at 154 Mercer Street," she said. The building, which runs from Broadway to Mercer Street and is to be developed by BPM Associates, will continue to house the New Museum and will eventually include residential and commercial loft units. "The plan was approved by the Attorney General on Nov. 25," she said. "And we've already got two out of nine lofts spoken for." 1