

THE REAL DEAL

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Q&A

Tribeca tightens

Neighborhood's dearth of inventory helps desirably priced apartments fly fast

By MELISSA DEHNCKE-MCGILL

If there's one thing driving the Tribeca residential market right now, it may very well be the lack of a market. Indeed, brokers and market analysts say the neighborhood's inventory, which is roughly 30 percent lower than it was at the peak, is influencing how almost all properties are being perceived and how quickly transactions are taking place.

While even slightly overpriced apartments are still sitting on the market, when a property is priced right, particularly if it's a two-bedroom or larger, it's getting snapped up fast.

One broker said, "Two-bedrooms up to \$1.9 million are [typically] trading in under two weeks with multiple offers.

"Open houses for [those] two-bedrooms ... are packed," he said, adding that he recently had nearly 30 potential buyers at a third open house.

Of course, part of the reason there is so little inventory is because, unlike a few years

ago, there are virtually no large new developments on the market in Tribeca today. That's because many of the planned projects in the pipeline stalled or failed when the economy soured, and because it's extremely difficult to get funding for new projects.

Meanwhile, while families are still flocking to Tribeca (look no further than the fact that noon to 3 p.m., aka naptime, is the hardest window to show properties), some say singles are becoming more interested in the area as it has become more populated with hot destinations like the new bar Weather Up and Sean Avery's 77 Warren.

Still, prices have remained relatively flat in the last year and a half, and some sellers are stubbornly resisting price reductions. For more on which apartments are selling best and worst, which parts of the neighborhood have the most celebrity buzz (it's no longer just Northern Tribeca) and what the current development pipeline looks like, we turn to our panel of experts.

Danny Davis

senior vice president, Citi Habitats



What are you seeing in terms of sales prices in Tribeca compared to three months ago, six months ago and a year ago?

The area has seen a remarkable turnaround since the financial crisis that occurred during the close of 2008. ... We are back to the days of multiple bids and over-ask offers. The crux of the situation is lack of inventory. There are buildings like Tribeca Summit at 415 Greenwich Street, which a year ago still had a significant amount of property to unload ... [but] now it appears to me that all these developments that weren't moving have caught up to the market.

What kinds of apartments are selling best in Tribeca today?

The two-bed market has picked up in the last few months. The high end of the market is also back with a vengeance. Apartments in trophy buildings — whether it's

2006, and until there is a price correction the apartment will sit.

What are the most surprising trends you're seeing in Tribeca these days?

The most surprising trend is the size of families. I remember when my wife Lisa and I were pregnant with [our third] and someone from the neighborhood said, "Did you know that three is the new two?" I laughed at that. But sure enough, there are babies everywhere. It appears that four is actually the new three. ... I am working with people who are looking for a minimum of 6,000 to 8,000 square feet.

What's the biggest challenge of selling in the Tribeca market?

Access to apartments between 12 and 3, while the baby naps. Also, pre-construction.

Martha Stewart's daughter, Alexis, has discounted the price on her Tribeca penthouse in the Ice House multiple times in the last few months. What are you seeing with decreases in asking prices in the neighborhood?

"Inventory is very tight. There were about 30 percent fewer active listings in the fourth quarter of 2010 than at the height of the market." Sofia Song, StreetEasy

the Ice House, the Hubert, the Atalanta or the Deitz Lantern Building — will sell well.

What kinds of apartments are struggling most to sell in Tribeca these days?

Like any neighborhood, a very expensive, large one-bedroom is going to be a harder sale than a similarly priced two- or three-bedroom. And also what isn't selling are overpriced apartments. There are still some people who think we are living in

That is an isolated incident and a perfect example of an overpriced apartment. An apartment like the one you mentioned at the Ice House has a very specific renovation which does not necessarily cater to the masses.

When 34 Leonard in Tribeca changed hands this fall, it went from condo to rental. Are you seeing that elsewhere in Tribeca? If so, where?

That was a very unusual situation. Most

developers would purchase a building and resubmit an offering plan to the Attorney General and then sell them as condos. I had two letters of intent [from buyers] when the building was about to go condo again. Most developers could not pull off what new owners [Steven and Michael] Elghanayan did. They took an abandoned, quality condo and created a luxury rental building — with high prices. [It was] great timing. [But] I'm not seeing any other buildings going rental.

Other than families, what kinds of buyers are you seeing in Tribeca and how is that a change from the past?

I am also seeing couples without children and even singles. Tribeca in many areas is becoming a destination for partygoers. With restaurants like Locanda Verde and Terroir, and new bars like [Weather Up] and Sean Avery's Warren 77, Tribeca is also catering to a younger crowd.

Naomi Muramatsu

director of residential sales and director of commercial leasing and sales, Bond NY



What kinds of apartments are struggling most to sell in Tribeca these days?

Not many, but if I had to choose I would say mostly

the larger properties like 33 Vestry or 60 Warren — huge, probably over-\$10 million properties. The prices are higher than the market so it's taking a little longer to sell.

What are you seeing with decreases in asking prices in the neighborhood?

I only see decreases in those trophy properties, very few of them. Most of the [properties] coming on the market — if they are priced right — don't see any price

reduction. Rather, they are going for very close to ask or over the ask. Is it hard to convince those who aren't pricing right to lower the price? I think they have had their properties on the market for a while, maybe a year or two, and they're still hoping that the market is going to go up. They are basically chasing the market. That's a little tough.

Are you seeing many buildings go from condo to rental in Tribeca?

There are a few of them. There are probably five or six buildings that are not becoming 100 percent rental, but where there are some units in the buildings that they couldn't sell so the developer is renting them.

Which areas or buildings in Tribeca have the most celebrity buzz right now?

It used to be that celebrities chose Northern Tribeca — a development like Sky Lofts or a similar building — but it seems like some of them are coming to the southern part of Tribeca and choosing a smaller building with a penthouse and a terrace, or something like that.

Sofia Song

vice president of research, StreetEasy



What are you seeing in terms of sales prices in Tribeca compared to three months ago, six months ago and a year ago?

In the past six quarters prices have remained relatively flat in Tribeca, with the median price roughly hovering between \$1.8 million and \$1.95 million.

What kinds of apartments are selling best in Tribeca today?

Two-bedrooms had the most closings in

Tribeca, but proportionately there is a much bigger supply of them. In the fourth quarter of 2010, there were 31 closings for two-bedrooms and 106 two-bedroom active listings — an [absorption] ratio of 29.25 percent. Contrast that with studios in Tribeca, where there are very few listings, and they seem to be getting snapped up. In the fourth quarter, there were eight studio closings, but only 11 active studio listings — an absorption of 72.7 percent. For one-bedrooms, there were 13 closings out of 45 active listings — a ratio of 28.9 percent.

What else is going on with inventory in Tribeca?

Inventory is very tight. There were about 30 percent fewer active listings in the fourth quarter of 2010 than at the height of the market. A lot of this is because there are very few new development listings on the market right now. Back in 2008 we had these huge buildings in Tribeca, like 200 Chambers and 101 Warren. Now we

had stalled, but I heard just a couple of weeks ago that it's been revived.

What are you seeing with decreases in asking prices in the neighborhood?

Looking at the fourth quarter of 2010, there was a smaller proportion of listings with cuts, smaller than during the fourth quarter of 2008. So we have these very optimistic sellers. Additionally, these price cuts are not as steep as back at the low point in 2009. In the most recent quarter, the price cut was around 7.4 percent, in contrast to back in the first quarter of 2009, when the average price cut was 10.9 percent. Sellers are definitely aware that inventory is tight, and their brokers are telling them that inventory is tight.

Are you seeing a lot of projects that just stalled outright?

Back before Lehman collapsed there were all these projects in the pipeline [including 5 Franklin, Herzog & de Meuron's

“A lot of sellers ... are still somewhere back in 2007. ... Clearly our biggest challenge is dealing with the sellers that don't want to get out of [their pricing] zone.”

Karen Gastiaburo, Warburg Realty

have these boutique projects, but a lot of new projects either failed or stalled. In the fourth quarter of 2010, there were only 287 total listings, compared to the height of the market in the third quarter of 2008, when there were 408.

What are the most surprising trends you're seeing in Tribeca these days?

I have lived on Reade Street in Tribeca for the last seven years and for me it's hotels. This little neighborhood has become filled with boutique hotels. I think it started with the Tribeca Grand, then it was the Robert De Niro hotel, the Greenwich. Now you have Smyth on Chambers and West Broadway, and a Sam Chang-developed hotel just south of One York. There is also a hotel on Duane and Church and there's a little hotel, Cosmopolitan, on Chambers. They are expanding and taking over the old Mary Ann's restaurant to build something like D Niro's Greenwich at 107 West Broadway. And then there is 71 Reade Street, which is the building that had collapsed. That

56 Leonard, and Robert A.M. Stern's 30 Park Place] that were really exciting and probably would have changed Tribeca greatly. ... I would love to see some of them revived, but financing for developers and for buyers is still really difficult to get. [Still], that hotel at 71 Reade was revived a couple weeks ago.

Which areas or buildings in Tribeca have the most celebrity buzz right now? And does that buzz help generate sales?

66 Leonard and Scarlett Johansson; 195 Hudson and Jay-Z and Beyoncé; 53 Warren and Daniel Craig; Pearlina Soap Factory and Justin Timberlake; 429 Greenwich and James Gandolfini; V33 on Vestry and Lady Gaga; 65 N. Moore and Katy Perry and Russell Brand. Those are buildings where celebs have either lived or have looked at units. Any buzz in general for a unit or a building is good because it is free marketing, but in terms of really generating sales, I don't think [buyers] base the biggest purchase of their lives on that.

Sean Turner

executive vice president, Stribling



What kinds of apartments are selling best in Tribeca today?

One of the really great things right now is how strong the south end of

Tribeca is. We are excited that the emergence of Whole Foods did what we hoped it would do. I lived on Warren Street for many years. You could hardly get anyone excited to live below Reade Street. It's really exciting that Murray and Warren streets are viable options for many buyers.

What kinds of apartments are struggling most to sell in Tribeca these days?

The one-bedroom market has never been terribly strong. There hasn't been a big demand for one-bedrooms in Tribeca. Our market is mostly two-bedrooms and up.

Karen Gastiaburo

senior vice president, Warburg Realty



What are you seeing in terms of sales prices in Tribeca compared to the recent past?

We are pretty much at a place where things have leveled out.

The average co-op price in Tribeca is probably around \$1,000 to \$1,200 [a square foot]. In terms of the [fancier] condos ... like the Summit, 101 Warren, and Artisan Lofts at 143 Reade, they are anywhere from \$1,500 a square foot to as high as \$2,000 a square foot. ... I think to a degree that a lot of the sellers down here — and I am kind of generalizing — are still somewhere back in 2007. We'll see a lot of things that have been on the market for some time and haven't sold. In the cases where something is moving quickly, it's all about being priced well.

What's the biggest challenge of selling in the Tribeca market?

Clearly our biggest challenge is dealing with the sellers that don't want to get out of [their pricing] zone. If you put an apartment on the market at a certain price ... you'll know within 30

to 60 days if you are getting any kind of activity or offers. If it is not moving within that time frame, you have got to make a price adjustment.

Tami Solomon

senior associate salesperson, the Corcoran Group



What kinds of apartments are selling best in Tribeca today?

The fastest-selling apartments are large apartments with over

three bedrooms. The coveted extra fourth “guest bedroom” or den/playroom area is the most desired space.

What kind of sellers are you seeing, and how is that a change from the past?

Many of the sellers I'm seeing are putting their properties on the market because they are leaving the city. Before, they were selling to trade up in size.

Bradley White

vice president, Halstead Property



What kinds of apartments are selling best in Tribeca today?

True two-bedrooms up to \$1.9 million are [typically] trading in under two weeks with multiple

offers. The tipping point seems to be \$1.9 million. Open houses for two-bedrooms in Tribeca priced under \$2 million are packed. I'm not only seeing 20-plus buyers at the first open house; we recently had 27 customers at a third open house.

We know that there are a lot of families in Tribeca these days. What kinds of buyers are you seeing, and how is that a change from the past?

There are still a lot of families, including growing families who need another bedroom. But there are also quite a few empty nesters from other neighborhoods and New Jersey. TRD