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A 1929 Art Deco classic is being converted into Walker Tower, with 53 condo units under construction.

By MAX GROSS

**G**OOD luck getting Core CEO Shaun Osher to say whether he's gotten any offers yet on the \$50 million penthouse at Chelsea's Walker Tower.

The building — a 53-unit 1929 Art Deco colossus designed by Ralph Walker, which is being converted into condos with prices expected to average around \$3,000 per square foot — still has an amendment pending with the state Attorney General's Office and isn't expecting to start sales until June. So things are hush-hush until then.

"I could tell you, but I'd have to kill you," Osher, who will handle sales for Walker Tower, says with a smile.

And, yet, the smile seems to say a lot.

No doubt, many developers (like JDS Developers and Property Markets Group, which are building Walker Tower) whose timing is good enough — or who are lucky enough — to have buildings rising over the next year or so, are grinning, too.

"For smart developers," says broker Shlomi Reuveni, executive vice president of Brown Harris Stevens Select, "the writing is on the wall."

The writing is: **NYC IS RIPE FOR NEW CONSTRUCTION!**

"I don't have a new [condo] product in 2012," says Reuveni, who scored a big success last year with the Laureate. "I wish I did."

Rental vacancy rates are down, rents are up and interest rates are at historic lows. All good signs for those with condos to sell.

But don't expect to see many large new projects.

What you'll see in the next few years is "mostly a function of what banks are willing to finance," says Jackie Urgo, president of the Marketing Directors. "What I really see are [condos] that are starting at 20 and going to under 100 units. Small and boutique."

"Developers have learned they can't do huge condo developments and have a reasonable expectation of high success," says Stephen Kliegerman, president of Halstead Property Development Marketing.

"There were only five condo projects [in Manhattan] that opened in the first quarter of 2012, totaling 94 units," says Kelly Mack, president of Corcoran Sunshine Marketing, which tracks the entire Manhattan market. "For the second quarter, there should be eight properties."

**WALKER THIS WAY**

**New construction slowly comes out of its shell — with prices reaching for the sky**

See **DEVELOPMENTS** on Page 54



**BEYOND BATH:** The four new condos at the cast-iron 111 Mercer should be priced above \$2,000 per square foot. The bathtub, says Prudential Douglas Elliman broker John Gomes, "hearkens back to an older time in New York history . . . it looks like it came from the '30s."

# A whole new

DEVELOPMENTS from Page 39

representing 323 units to enter the market."

The numbers improve slightly for the second half of the year: 964 units, bringing the grand total for 2012 to 1,381 new units. Next year should be better; Corcoran Sunshine estimates 1,900 new units, and it's anticipating about 1,500 units for 2014. But compared to 2007 — when more than 8,000 units came to market — these numbers are paltry.

This scarcity might help explain why buildings like Walker Tower are setting their sights so high and why other hotly anticipated projects — like Extell's One57 — have raised prices.

"There's really nothing like it," says Gary Barnett, president of Extell Development, speaking of One57, the 90-unit building with prices around \$6,000 per square foot and a penthouse listed for \$110 mil-

lion. "And nothing's going to get built like it for the next three years. If someone wants to start now, it would be in the ground for three years before it got finished."

Even those buildings that have stayed more or less under the radar have done extremely well.

Toll Brothers' 22-unit building (ranging from \$1.2 million to \$20 million) on Lexington Avenue at 65th Street, called the Touraine, has sold 20 of its units, and these condos won't be ready until 2013.

And even though condo buildings are getting smaller overall, the units themselves are getting bigger.

By the end of this year, FLAnk will be finished with a 50,000-square-foot condo project on Hudson and 12th Street called the Abingdon — a development that has been in the works since 2007. There will only be 10 units, with two penthouses and two

"mansions" included.

"The square footage ranges from 3,250 to 9,600 [per apartment]," says Jon Kully, managing partner at FLAnk. The penthouse unit should be priced at \$21.5 million.

Demand for big apartments like this has made many other NYC developers salivate.

"We're not playing around," says Orin Wilf, president of Skyline Developers, which is topping off its building, 200 E. 79th St. — a 39-unit project consisting entirely of three-, four- and five-bedrooms — in mid-May. "We're giving people a nice product, spectacular layouts and great design right in the middle of the Upper East Side." (Prices are not available yet for the Stribling-marketed project.)

Steve Rutter, executive vice president of Stribling Marketing, also reports that aside from its already successful project at 130 W. 12th St. (a Cook + Fox designed building

# attitude

that is selling for more than \$2,100 per square foot and has 25 units in contract), Stribling is readying itself for another project on the High Line, at 24th Street, with developer/architect Cary Tamarkin.

Boutique buildings like the 24-unit 250 Bowery, or even smaller ones like 111 Mercer (only four units with prices starting at \$4.25 million), are shaking up downtown. And uptown, Shaky Cohen, head of Nexus Building Development, is working on a project on 107th Street between Broadway and Amsterdam. He also just purchased a parcel on the Upper East Side and is also working on an East Village development.

The Town brokerage is putting a three-unit condo at 70 Greene St. on the market this summer. It will consist of two private full floors, plus one penthouse. Prices are estimated to run between \$4.5 and \$15 million. (Completion is slated for

around the end of 2012 or the beginning of 2013.)

Of course, many developers are extremely wary not to fall into the trap of getting too excited — and pricing things too high — too early.

"A father buys his daughter an \$88 million apartment — that doesn't happen every day," says Paul Purcell, co-founder of Rutenberg Realty, referring to Dmitry Rybolovlev's extravagant purchase at 15 Central Park West. "That doesn't tell me about the market."

And not all the buildings hitting the market are targeted to high-end buyers; there's product for entry-level buyers, too.

The 110-unit Madison Jackson on the Lower East Side, which opens for sales next month, has units starting at \$435,000.

Two weeks ago, Citizen, the 29-unit building on 23rd Street, between Seventh and Eighth avenues, which



should be ready in the fall, released seven studios.

Units at Citizen start at around \$720,000, according to Iva Spitzer, executive vice president of the Corcoran Group. All seven of the building's studios (plus a handful of one-bedrooms) went to contact.

"We've had 10 contracts go out in 10 days," Spitzer says.

**PAY THE TOLL:** Toll Brothers has quietly scored a big success with its new Upper East Side building, the Touraine. The 22-unit development on the corner of Lexington Avenue and 65th Street has 20 condos in contract; prices range from \$1.2 million up to \$20 million. The building should be finished in 2013.

