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HOME COVER STORY



Christian Johns/For2

Buyers have all kinds of options in strange market

By MAX GROSS

TWO weeks ago, the Lotta seemed like one of Harlem's most promising condo buildings.

A beautiful old structure built before the first World War, it was being renovated and turned into a boutique building. The units were roomy, with exposed brick, big windows and high-end finishes. A gym, playroom and storage space were planned. And the prices seemed reasonable at around \$650 per square foot.

But then something odd happened. Rumors started floating around that the Lotta (with only one of its 35 units in contract) wasn't going to be a condo anymore; maybe it would turn into a hotel.

"[The developers] were thinking of a hotel and a rental," says broker Tamir Shemesh of Prudential Douglas Elliman, who was marketing the Lotta until last week. "But they looked at the numbers versus the expenses."

Those numbers didn't seem to make sense either in the current market, so Lotta's now turning into a youth hostel. "Youth hostel and hotel," clarifies Gal Sela, the developer.

"Apparently, when you do a youth hostel, the volume is humongous," says Shemesh.

Yes, these are strange times in Harlem. But it's an interesting time to be a Harlem homebuyer, too.

The sheer volume of product hitting the market is huge. There are big new projects like SOHA 118, a 15-story, 93-unit condo that opened in May with two-bedrooms and three-bedrooms from \$825,000 to \$2.145 million. Fifth on the Park, a 160-unit tower that will be finished next year, promises to be Harlem's tallest condo building at 28 stories; it will feature the kind of amenities (pool, concierge, etc.) that are still something of an anomaly in the neighborhood. Prices start at \$638,800 for a studio and go up to around \$2.3 million for a four-bedroom. The recently opened 249-unit eco-friendly Kalahari has two-bedroom to four-bedroom condos from \$900,000 up to \$1.6 million. (Not to mention buildings like 2280 FDB, which are



SO HAPPY TOGETHER: It's old meets new on Frederick Douglass (top) and 125th St. (above)

18 months or so in the future.)

There are also boutique buildings like 2056 Fifth Ave. (a.k.a. the Rhapsody), which started closings in July and is half sold. The 11 remaining units (out of 22) range from \$645,000 for a one-bedroom to \$1,575,000 for a two-bedroom, 2½-bath apartment.

"We are optimistic about Harlem for one simple reason: price," says Yoav Haron, developer of SOHA 118. "Where in Manhattan can you get a brand-new condo for \$600 to \$1,000 a foot?"

And while there are plenty of luxury units, developers have been more cost-conscious in putting product on the market and have thrown in sweeteners to lure buyers. Buildings like the Fitzgerald are offering financing directly from the developer. New buildings like Dafina have high-end finishes and reasonably low prices: a 533-square-foot studio (with a 58-foot balcony) is on the market for \$313,937. A 1,381-square-foot three-bedroom, 2½-bath unit (with a 158-foot balcony) is \$846,553, or about \$600 per square foot.

"I feel like [Harlem's] on the cusp of change," says Bradford Jones, who recently bought a one-bedroom at Dafina. "I don't mind taking some risk and coming in early. The fundamentals are all here — it might just take awhile."

And while some might be nervous about the pace of Harlem sales, the numbers for

Harlem's hurdles



A LOTTA CHANGES: The Lotta switched from condos to a youth hostel; Dafina has studios for around \$300,000; The Fitzgerald's developer offers financing for buyers; SOHA 118 has 93 units and shares a courtyard with Brownstone Lane, a nearly sold-out condo development.



2008 aren't bad compared to 2007.

According to Jonathan Miller, president and CEO of appraisal firm Miller Samuel, Harlem saw 171 apartment sales in the first two quarters of 2008, a jump of 44 units from last year. And the median Harlem studio sold for \$422,500 in the second quarter of 2008. That's a 56 percent uptick compared to the \$270,500 in the second quarter of 2007. One-bedroom prices were up a similar rate, two-bedroom prices had a more modest climb and three-bedroom prices fell, but Miller notes that there were very few three-bedroom sales in both years.

"We're doing well," says Sean Futterman, sales associate for Fifth on the Park, which will be finished next year and has a stronger track record than most. "We're close to 70 percent sold, but over the summer everything slowed down."

Futterman adds, "It takes [buyers] a lot longer to pull the trigger."

"Since the beginning of 2008, we've found it tougher going," says Joseph Holland, president of Uptown Partners, which is developing Fifth on the Park. "Generally, the mood is not as bullish as it was a year ago, but there's a sense of guarded optimism."

And commercial real estate has mostly been flying high, thanks in part to the rezoning of 125th Street in April. In the last nine months, six deals were closed for plots along 125th Street; Major League Baseball has already announced plans for a new tower at 125th and Park Avenue.

"There's going to be a hotel on 125th between Fifth and Lenox that's going to be something like 230 rooms," says Eugene Giscombe, president of Giscombe Realty.

Median Harlem sales prices

	Studio	1-BR	2-BR	3-BR
2Q 2007	\$270,505	\$455,000	\$737,680	\$1,390,000
# of sales	14	18	54	3
2Q 2008	\$422,500	\$715,000	\$815,000	\$1,095,000
# of sales	22	39	39	1
% change	+56.2%	+57.1%	+10.5%	-21.2%

Data from Miller Samuel

"They're talking to different franchises."

Giscombe adds that there'll be a big-box entertainment facility and hotel on 125th Street between Frederick Douglass and Adam Clayton Powell Jr. boulevards.

Prudential Douglas Elliman's Faith Hope Consolo, who has leased a half-dozen retail spots throughout Harlem out of a portfolio of 75 spaces, recently put an Ottomanelli butcher shop on Fifth Avenue and 113th Street. She says that major downtown restaurateurs including Danny Meyer (who's started his move uptown with the Shake Shack coming to the Upper West Side) and Keith McNally are looking at Harlem.

This is to say nothing of the development Columbia University is planning, which will include faculty and student housing, and the opening of the Harlem Piers, which will stretch from St. Clair Place to 135th Street.

All this is a good sign for anybody looking to move to Harlem, which also offers value on rentals.

"In a market where everyone's kicking and screaming, I'm very happy to bring a product to the market that has reasonable rents," says Sha Danour, president of Triumph Property, which is developing Susan's Court,

where one-bedroom rentals start at \$2,500. "We expect to have a lot of... people going to Columbia."

"Most of Manhattan has become unaffordable," says SOHA 118's Haron. "But Harlem has a little bit for everyone. What's really great is that 99 percent of our buyers will be homeowners. We don't have speculators buying or lots of [foreign] buyers. This is what makes Harlem strong for real estate. Whoever is buying is taking a real stake in the dream."



Christian Johns/On3

Green rooms



Eco-chic home goes for the gold in Harlem

By JENNIFER GOULD KEIL

ONE of the greenest houses in the city can be found in an unlikely place. It isn't new construction; it's a 1910 brownstone on West 122nd Street that already has silver LEED (Leadership in Energy and Environmental Design) certification, which makes it the most eco-friendly home in Harlem.

Rosemary Ellis, editor of Good Housekeeping magazine — which renovated the home and is itself based in the LEED-certified Hearst Tower on West 57th Street — hopes the four-story brownstone will receive gold LEED status in a few weeks. (LEED points are awarded for various environmentally friendly features.) That, Ellis says, would make the structure the greenest house in town.

This is the glossy mag's third eco-chic home and "our most am-

bitious project yet," says Ellis, who hired interior designer Robin Wilson to transform the 4,600-square-foot brownstone.

The beleaguered home had started out as just a shell with no back wall, but "it's now quite beautiful and incredibly efficient... and environmentally friendly," Ellis says.

The whole project took more than a year to complete, including looking for the right building and getting a permit to renovate. Eco-friendly items such as low-flow plumbing, skylights with solar panels, tankless water heaters, no-VOC (volatile organic compound) paint and recycled hardwood flooring were incorporated into the home. But some practices were so new, it took a few tries to get them right.

For example, shredded blue jeans were used for insulation, but unlike regular insulation, denim needs air around it to breathe — so it had to be ripped out and put in again. And a contractor had to build from scratch a system to catch rainwater from the roof to be used for processes such as garden irrigation. The contractor had seen something similar in Australia, but there was nothing like it on the market to work with American appliances.



"I'm most proud of how thorough efficient and healthy [the home] is," says Ellis, who adds that many products claim to be green but aren't.

Inside, the furniture is a mix of vintage, antique and modern — including pieces from Crate & Barrel's new affordable green line — while the linens are all organic.

"I'd describe the look as eco-friendly-can-be-beautiful," says



LEED THE WAY: This brownstone on West 122nd Street has been remade into a green oasis with features including recycled wood, environmentally friendly paint and insulation that was created from shredded blue jeans.

Wilson, who also worked on Esquire magazine's model apartment at 111 Central Park North. "It's classic with a modern touch."

Wilson's favorite design details include vintage pieces and a surfboard transformed into a spill-proof table for kids.

And while the home is definitely child-friendly — on one level are two bedrooms, two baths and space for playing and studying — it has plenty of room for grown-ups, too. Like a full-floor master suite with a 200-square-foot terrace, his-and-hers walk-in closets and a huge bathroom with a soaking tub.

The parlor floor has an open kitchen and a living area, with French doors leading to a lush backyard. (There's also a front yard, for a combined 760 square feet of

outdoor space.) The garden uses ungrouted stone, which allows water to pass directly through and be absorbed in the ground. There's no grass, which means less water use.

Gad Demry, of Mika Development, and Michael Kadosh, of Mek Enterprises, closed on the home this past February for \$1.4 million. With the renovations complete, they plan to put it on the market for a whopping \$4.6 million.

"Michael and I bought this brownstone because Harlem is a re-emerging and vibrant neighborhood where people want to live," Demry says. "People also want to live a healthy, green lifestyle, and this renovation highlights the amazing ways homeowners can save energy, save water and maximize efficiency."



SOLAR SYSTEM: The Kalahari uses alternative energy.

CONDOS KEEP IT CLEAN

WHEN you ask Harlem residents about their neighborhood, you'll discover a lot of them are protective. History matters. Culture matters. Environment also matters.

And when we say "environment," we mean in the eco-friendly sense of the word. Yes, green development has hit Harlem.

Kalahari, a massive, 249-unit building offering

both affordable units and market-rate housing (with units priced as high as \$1.65 million), is aiming for silver LEED certification. Features include a green roof, ionic air filters, low-VOC materials and bamboo floors.

Solar and wind energy powers 25 percent of the building. The developer estimates that on a 1,000-square-foot unit, the average resident will save more

than \$500 per year in energy costs.

And over in East Harlem, the 38-unit Observatory Place development has a green roof, low-VOC materials and an energy-efficient heating system. The 20 remaining units are priced from \$330,000 for a studio up to \$850,000 for a three-bedroom.

We're green with envy.
— Max Gross



FRESH AIR: Observatory Place offers a green roof and more.