

Commercial, Residential Development Heats Up

By Peter DiCapua,
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The boom in New York City real estate during the past decade has widely favored residential development. Builders in gentrified neighborhoods all over the city have been turning commercial properties into condominiums—the hot property in today's market—wherever the zoning will allow.

Is SoBro the new SoHo?

But one area, the South Bronx, is growing its industrial base at the same time that its housing market is heating up.

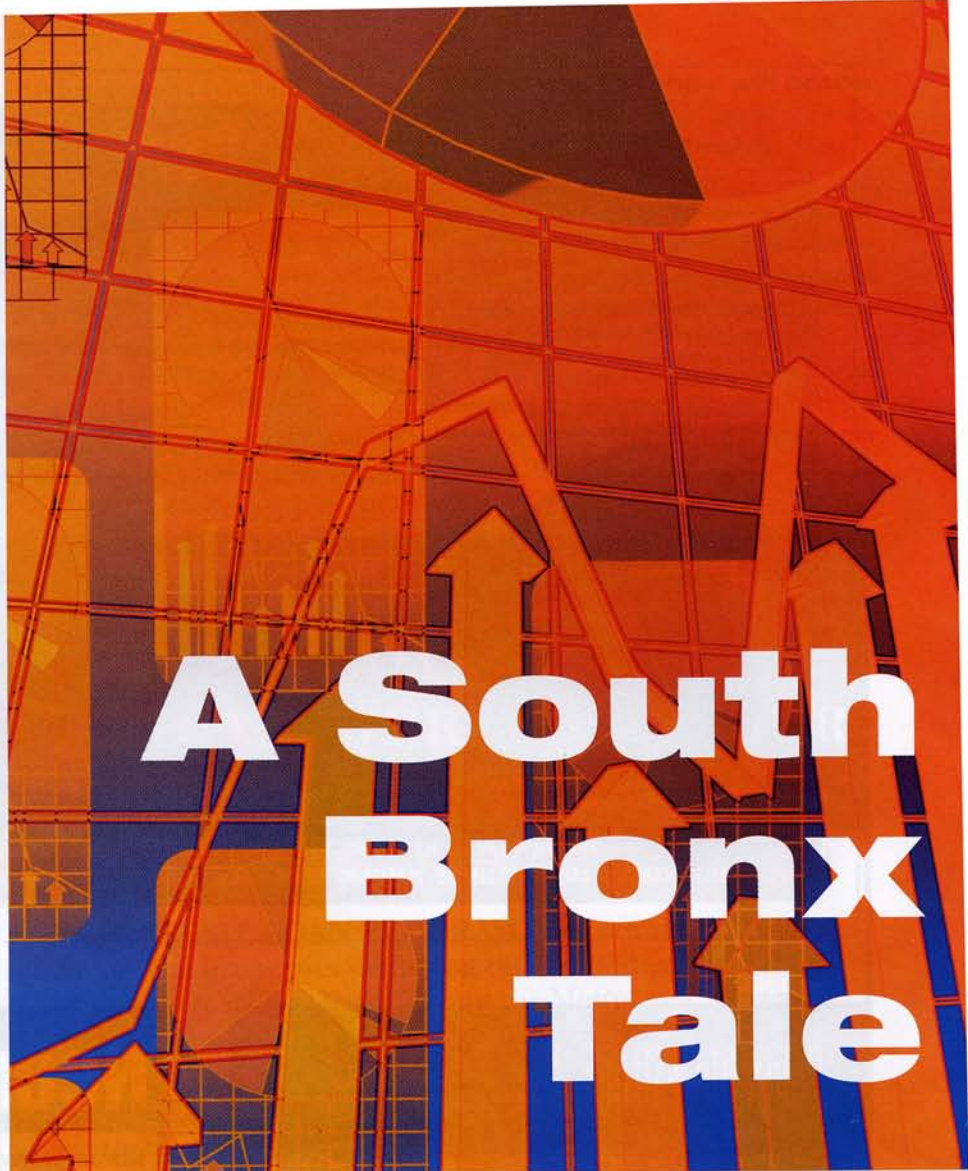
"It will never go wholesale over to residential reuse like SoHo, Williamsburg and Red Hook have," declares broker Allison Jaffe, whose Key Real Estate Services specializes in the South Bronx. "This area is still a very vital commercial area with a thriving industrial life."

Indeed, the area is about to thrive as never before. Investment capital is pouring in.

New projects create jobs

In March 2005, Mayor Michael Bloomberg committed \$27 million to promote economic development in the 690-acre Hunts Point peninsula, where 130 wholesale food distributors already employ more than 10,000 people. The city plans to construct new waterfront parks along the Harlem River, make vast infrastructure improvements and upgrade rail freight lines.

The city has already invested \$110 million at the Hunts Point fish and produce markets, and in December placed the Fulton Fish Market, with its 38 wholesalers and 600 employees, into a new \$85 million facility. The market brings about \$1 billion into the Bronx economy annually.



A South Bronx Tale

The city has made deals with Baldor Specialty Foods and Anheuser-Busch to allow them to greatly expand their businesses in Hunts Point. These projects are expected to create more than 900 new permanent and construction jobs over the next three years and generate more than \$50 million in private investment. Anheuser-Bush will develop a new 167,000-square-foot warehouse and distribution facility, with construction expected to begin this summer.

Another project in the works on the South Bronx waterfront is the Gateway Center, a massive expansion of the Bronx Terminal Market near Yankee Stadium. The Related Companies has taken over operation of the current 26-acre Terminal Market and has proposed a \$300 million plan for one million

South Bronx is about to thrive as never before as investment capital is pouring in to the area.

square feet of retail space with big box, specialty and smaller shops in five new multi-level buildings, as well as a public park with an esplanade along the Harlem River and possibly a hotel. The project will create more than 2,400 construction jobs. At the same time, a new Yankee stadium will be constructed north of the existing ball park.

A neighborhood revitalized

Residential redevelopment, while much less dramatic, is moving ahead at a steady pace. Certainly the neighborhood's image has improved drastically since its nadir in the '70s, when novelist Tom Wolfe's *Bonfire of the Vanities* put the Bronx on the map as one of the most dangerous areas of New York City.

Much of the housing there has been publicly funded. "The South Bronx has served as a Petrie dish for subsidized housing for the last 50 to 60 years," according to Jaffe. "You will find every generation and theory of public housing in this area, from the high-rise projects built after the war, to the mid-height buildings in the late '60s and '70s, to two- and three-family townhouses in the '80s which replicated the kind of streetscape that existed in the early part of the century."

Most of the large scale residential buildings have been rentals, but the area is finally getting some condominiums. One developer, Procida Realty and Construction Corp., active in affordable housing in the South Bronx since 1988, is currently constructing two condominium buildings, one with 61 units and one with 93 units in the Melrose section, with subsidies from The NYC Housing Partnership and The Bronx Borough Presidents Office. Two more buildings in this Melrose Commons Cornerstone Development project are expected to follow.

According to Melrose Commons project manager Christine Procida, revitalization has been dramatic in the Melrose section over the last ten years. "You drive down Melrose Avenue now and you see these beautiful buildings being built," she says, "with very nice architectural details. There's construction on every corner. It's just incredible."

To support the influx of new residents, Procida is also constructing Plaza 163, a 50,000-square-foot retail center bordering Melrose Commons.

The areas grabbing the headlines recently are Mott Heaven and Port Morris, which have pockets of attractive row houses on tree-lined streets amid the public housing.

"What somebody could buy for \$400,000 in Mott Heaven," reports Jaffe, "you'd have to pay at least \$550,000 in East Harlem and twice that amount in Harlem."

The number six subway gets to 125th Street in Harlem in a few short minutes.

The two neighborhoods are attracting artists priced out of the trendy areas they pioneered in Manhattan and Brooklyn, and a few hip new restaurants and lounges have opened, joining a dozen antique shops and a few art galleries.

If you build it, they will come

When will the South Bronx see market-rate, non-subsidized condominiums?

"Every one of the developers I have spoken to over the last two-and-a-half years has decided they would have to build as rental units, establish a market for them, and then convert to condominiums," says Jaffe.

But, she insists, "somebody has to be the first to jump off that cliff. All the signs are here. I am confident that if you build it, they will come." ■

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