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The Sheffield steps onto the condo stage

The conversion's 600 units will spill a lot of luxury onto a slower sales market -- will buyers bite

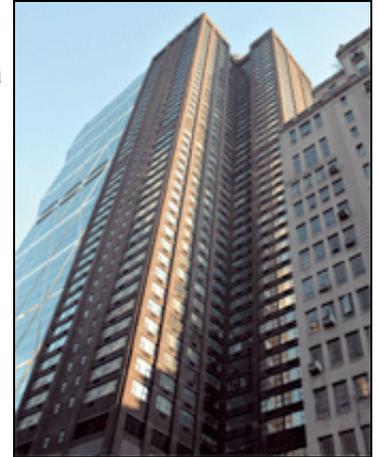
By Steve Cutler

Such a tease. In the spring of 2005, landlord and developer Kent Swig makes the single biggest residential buy in U.S. history at the time, putting \$545 million into a rental building with the population of a small village in one of the fastest-growing square miles of the city, refuses to say a word to real estate-obsessed New Yorkers about his plans for the property for over a year, and then, when he finally takes out an ad in the New York Times Magazine in September, he gives us what?

Three blank white pages. With a phone number.

"It's one of the best kept secrets, what we've done," says Swig, eager to talk now that the conversion of the building, the Sheffield, is beginning sales. "We're completely revamping the building. It's new, with a new name." Hence the blank page, he adds.

Swig is seeking to transform the 58-story Sheffield, a large utilitarian collection of studio and one-bedroom rentals at 322 West 57th Street, into Sheffield 57, a 600-unit luxury condo worthy of nouveau white-glove neighbors surrounding Columbus Circle, such as the Time Warner Residences and 15 Central Park West.



Sheffield 57, formerly the Sheffield

With all but 90 of the units vacant, Swig is combining and reshaping apartments to create spacious, family-sized layouts, completely replacing the electrical wiring and plumbing, totally restructuring the plaza, expanding and reconstructing the lobby, and creating a skytop amenity center that spans two floors.

Eye toward a redesign

An architectural photographer before he took leadership of his family's real estate empire, Swig says he saw the scheme for the conversion in his mind's eye almost immediately.

"We created the concept for the building within three weeks -- before we closed," he says. "This is a building people passed every single day and looked at it but didn't see." He likens redesign to the photographer's art.

"By capturing something and zooming in on it, you allow people to see something you see."

Sheffield 57's exterior will be altered dramatically, the brick base re-skinned with granite and glass that exposes the expansive lobby. Designed by architects Moed DeArmas & Shannon, the lobby will be doubled in size to include some space that was previously outdoors.

In the evening, the illuminated lobby will bathe the plaza in light and expose its finishes to passersby. The floors are Italian granite and travertine marble, and the coffered sycamore wood ceiling will reflect the base of the building.

The granite-clad plaza will contain a landscaped garden with a sculpture by Gary Hume, granite tables and chairs and a private through-block driveway, "so you can get into a waiting car peacefully," says Swig.

Clearing the tenants

The media coverage of Swig's Sheffield purchase centered on the plight of its tenants, who were offered take-it-or-leave-it, not-so-

insider prices ranging from \$1,200 to \$1,300 a square foot. As most units were de-stabilized, the tenants had no leverage.

Moreover, according to Swig, because the state attorney general forbids any negotiations on apartment sales before the conversion plan is approved, the red herring offer to the tenants was a formality. There was no real intent to sell to existing free-market tenants.

"The attorney general takes a year to approve a plan," says Swig, "and we couldn't wait a year. It's expensive to carry the building and we had to start renovating.

"There were many tenants who said they'd love to buy in the building," he adds, "but by law we couldn't speak to them. It's frustrating. We look bad and the tenants are out of luck." Leases were allowed to expire and all tenants were evicted. Or, rather, relocated.

"We set up a relocation group for them," says Swig. "We went to all the other owners around and pre-negotiated leases with discounts on the rents because we said we could deliver 700 tenants. Then we went back to our tenants and said, 'here are the 15 or 20 buildings from which you can select.'"

If the relative silence over the past year from the press and, notably, the real estate rumor mills is any indication, the relocation was amicable. All but 90 of the building's 845 units are vacant.

Let there be light

The remaining 90 rent-stabilized tenants are in for a serious lifestyle upgrade.

The top two floors of the building are devoted to residents' amenities, including a private restaurant, screening room, children's playroom and a lounge offering breakfast and evening cocktails. The 58th floor, at the very top, will contain the fitness center, spa, Pilates studio, landscaped sundeck with staggering views and a glass-walled swimming pool that is open-air in the summer and indoor in the winter.

With commercial tenants occupying the base of the building, the first residential floor is the 16th, and, says Nancy Ruddy, co-principal of Cetra/Ruddy, the Sheffield's interior architect, "the majority of the apartments have unobstructed views."

Aimed at upscale New Yorkers and overseas buyers, says Ruddy, the Sheffield's interior is suppose to be "a very modern, urbane and sophisticated design. Everything in the apartment is very, very light."

Floors are Nordic ash, a pale wood grain lighter than oak never used in New York before. The kitchens, which open to the living rooms, are filled with large, luminous white marble with whole slabs of Calcutta gold marble on the backsplashes.

The custom Italian doors, made by Tres Piu, are "seamless thin buck with an almost lacquer finish," says Swig. "Very expensive, a \$1,200 value, but we were able to combine with a couple of jobs and got a great buy on them. There's no way a smaller building could ever have afforded these."

"This building laid out really well for combinations," maintains Ruddy. "All of the combined apartments have corner windows in the living rooms, and the master bedrooms have separate seating areas with windows."

The building has a diverse apartment mix. Aside from the occupied rentals, the building offers some units as-is, sans renovation -- a value play for buyers, according to the developer. The fully renovated existing units include alcove studios, priced in the low \$600,000s and one-bedroom apartments in the low \$800,000s.

The combined units, in a variety of layouts with expanded bathrooms, include one-bedrooms with offices in the \$900,000 range; two-bedrooms, priced just over \$1 million; and three-bedrooms with southwest and northern views for around \$3 million. Over-the-top showcase combinations on the upper floors will be offered in January.

Assessing the comps

The price points are consistent with new luxury product in the area. For example, the Element, an amenity-rich 35-story condominium tower at 555 West 59th Street, is also asking \$800,000 for its one-bedroom apartments and \$1.3 million for the two-bedrooms.

Because such a large number of units divide the building's operating expenses, monthly maintenance at Sheffield 57 is just 50 cents a square foot, or, for example, \$300 for a 600-square-foot studio. Most condos cost a dollar or more a foot per month.

Scheduled to be completed and ready to start moving people in by March, Sheffield 57 opened quietly in late September and will start the fanfare in October. Asked about opening more than 600 units to a softening market, Swig claims to be optimistic. And not for lack of data. He co-owns two of the largest residential brokerages in New York: Halstead Property and Brown Harris Stevens.

"New York City is commercially booming right now," he says, "and we're going to end the year with the lowest [office] vacancy rate in the history of Manhattan. Over the past three years, the residential market has gone up 25 percent a year. We're not doing that anymore. Deals are taking longer to close, but it's still a strong, active market."

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