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The Out-of-Towners

NJ developers of 325 Fifth Avenue part of crop of first-time Manhattan builders seeking to cash in o

By Steve Cutler

What's it like to be a first-time developer in the Big Apple today, where the big risks of soaring land and construction costs can be offset by the even bigger windfall of high apartment prices?

One of the several new monoliths soaring up out of the ground along Fifth Avenue near the Empire State Building, in the neighborhood newly christened "SoFi," is a first attempt at Manhattan real estate by a couple of Jersey boys.

In the first three months of sales at their 50-story luxury condominium tower at 325 Fifth Avenue -- which will not be completed for another 15 months -- more than 215 out of 250 apartments were sold.

Beginners luck? "This wasn't just a couple of out-of-towners coming into the city," insists Mark Fisch, who, along with his brother, Steven, are the principals of 45-year-old, family-owned Continental Properties. "It was based on local knowledge."

Growing up just across the Hudson in New Jersey, says Fisch, "I went into the city four or five times a week." Besides, he adds, "as soon as we joined up with Jeff, we were insiders."

Finding Fifth Avenue

Jeff Levine, whose Douglaston Development is a partner in the project, has managed construction and developed buildings in New York for more than three decades. When the Fisch brothers entered into contract on the 325 Fifth Avenue site in the fall of 2003, they brought Levine in as co-developer.

Says Fisch, "My feeling is, you want to be a local, an insider, and Jeff is respected in New York. It was a natural for him to work with us." Levine Builders is the construction manager for the building as well.

Truth is, Fisch never wanted to leave New Jersey. "The Knicks like to play at the Garden," he explains, "to maintain the court advantage."

But he found buildable land hard to come by in Jersey. "There's plenty of land if you fly over the state," says Fisch, "but when you get down to what is approvable from an environmental and local zoning point of view, there's very little. Land has gotten very expensive and difficult to find."

While prospecting, the Fisch brothers saw several properties around the city before they found 325 Fifth, but none had the potential of this slice of Midtown, which was still undervalued. "I thought having a Fifth Avenue address was a big deal," recalls Fisch. "We have a number of foreign buyers and even suburbanites and local people who like Fifth Avenue, but can't afford or don't want to go through the Fifth Ave co-op process."

Not many developers in 2003 saw the southern Fifth Avenue corridor as viable for luxury condominiums, which gave a price advantage to those who did. "Also," recalls Levine, "The deal, which involved a contract not subject to vacant delivery, frightened away many prospective buyers."

The developers had to relocate a number of commercial tenants, including a White Castle and a Chinese restaurant claiming to be Jerry Seinfeld's favorite. They negotiated with the city and won concessions on the scale of the project in return for building a public plaza at the base.

The developers enlisted Stephen Jacobs, the architect responsible for the Hotel Gansevoort, Library Hotel and Giraffe Hotel, and

The First-Timers
Developers making their first forays into Manhattan

The Angel Group
(Brooklyn-based)
165 West 18th Street

Moe-Joe Developers
(Brooklyn, New Rochelle)
444 West 19th St (Chelsea Club)

Continental Properties
(New Jersey)
325 Fifth Avenue

spent six months with Jacobs and marketing director Richard Cantor working out the apartment layouts. "Jacobs designed the building from the inside out," says Fisch. "Sometimes you've got a site where the exterior is dictated by the size of the parcel or the shape of it. But here, because the plaza bonus gave us so much extra land, we could actually change the shape of the exterior as we saw fit -- it could jog and go in and out."

The Fifth Avenue side of the building is flush with the street, but the back is contoured, making a strong style statement.

The building pushes the neighborhood in terms of amenities, which include 10-foot ceilings, floor-to-ceiling glass walls, balconies with etched glass railings, maid service, built-in safes and onsite valet parking. The full-floor "Fifth Avenue Club" offers a 10,000-square-foot health club.

Future Manhattan forays

Prices for the apartments surpass those of another new ultra-luxury tower just up the block, the 67-story Michael Graves-designed 425 Fifth Avenue, which sold out a year ago. At approximately \$1,300 per square foot, they are some 20 percent below similar quality projects on the Upper East Side. Units are priced from \$815,000 for a one-bedroom and from \$1.37 million for a two-bedroom.

"Since we took title a year ago," says Fisch, "prices have skyrocketed. It's been a strong market and a strong market makes everyone seem smarter than they really are. "

Fisch retains a cautious optimism about further Manhattan forays. "As much as prices have gone up, I still don't see them as being nuts. Our customers are not investors and they are able to pay for what they are buying. If rates go up, price increases may moderate, perhaps flatten, but I don't see more than that."

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