

LOOKING AT LOSSES AS CONDO PLAN PROGRESSES

By Josh Barbanel | March 4, 2013



Ramsay de Give for The Wall Street Journal

A new condo tower is slated for Park Avenue on property being cleared of low-rises.

A room with a view has always carried a certain cachet, especially on New York's poshest streets. Now the value of a Park Avenue apartment with a view is facing the ultimate comparison test.

At a prewar co-op on the corner of East 90th Street, masons hanging from a scaffold has begun bricking up two dining-room windows on the "C" line of apartments on each floor. The windows have provided views of Park Avenue since the building was erected in 1927.

Now, with views and light from other windows soon to be blocked as well, some distressed owners have been rushing to sell their co-ops, and prices have been falling.

Next door, Toll Brothers, the national home-building company, is preparing to build an ornate 16-story condo building that it hopes will fetch among the highest prices in the neighborhood. The condo will replace two low-rise buildings on Park Avenue, blocking some views from the L-shaped co-op that fronts on East 90th Street.

Toll Brothers has knocked down one of the small buildings that dated back to the 1860s and has put up a scaffolding as it prepares to knock down another one next door.

The new building, at what will be known as 1110 Park Ave., will be 210 feet tall, according to city filings, towering above the neighboring prewar buildings and giving condo buyers extra-high ceilings and tall windows. It will be topped by a

(continued on back)

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three-story penthouse with a private swimming pool, and have a duplex maisonette with a backyard and private basement play room. Prices will likely be upward of \$2,500 a square foot for the 11 large apartments, according to David Von Spreckelsen, president of Toll's New York-based City Living division.

Co-op prices are typically lower than condominium prices in New York, but on the C line of apartments at the East 90th Street co-op where the views will be lost, they are running far lower, at about \$1,200 a square foot, brokers say.

The new Toll Brothers building will have a traditional look, with iron railings on windows similar to the design of the Touraine, a 15-story condo under construction by Toll Brothers on East 65th Street and Lexington Avenue. The Touraine has sold quickly, with 21 of 22 apartments now in contract, Mr. Von Spreckelsen said. Only a penthouse, priced at just under \$20 million, remains.

Battles over preservation and light and lot-line windows aren't unheard of New York, but the loss of light in the C-line co-ops at 1112 Park Ave. is unusually extreme, neighbors say.

When the Toll Brothers construction is done, the show piece living rooms in the co-op, many with fireplaces, will have views of the back of the Toll Brothers building. The new condo building will extend to within inches of the now-sealed dining room windows.

William Niles, a retired researcher who lives in the neighborhood and has been critical of the new building, said that as many as 37 windows at 1112 Park Ave. will be bricked up before the new building goes up, and a total of 228 windows in the two adjacent building would lose views and light. "What is different here is the magnitude of the situation," he said. "This is what the zoning code allows to be done."

Soon after Toll Brothers bought the two small buildings last March, neighbors began rallying against the new building. For several years, local preservationists have been trying to get this stretch of Park Avenue included in the Carnegie Hill historic district, and the neighbors appealed, in vain, for an emergency landmark designation to save the 19th-century buildings.

But now that the Toll Brother's building has become all but inevitable, several of the most active opponents have put their co-ops on the market.

In all, since the Toll Brothers purchase of the Park Avenue buildings a year ago, six of 14 C-line co-ops have been listed or sold. In three of those co-ops where the previous prices are listed in public records, sellers are due to take a loss based on their current asking prices: The three owners are asking an average of 9.6%, or \$250,000, less than they paid for their purchases in 2006, 2010 or 2011.



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Some windows of the co-op in rear are covered.

Last year, Alice Scovell Coleman, a children's book author, complained that it was wrong to "demolish history" by tearing down the old buildings. Now property records show that the ninth floor apartment that she bought less than two years ago, is on the market for \$2.3 million, about 8% less than she paid for it.

When she bought the co-op, it was listed as having "a large, beautifully proportioned living room" with a wood-burning fireplace "and elegant dining room, both facing east onto Park Avenue with lots of light."

The new listing, by Corcoran Group, describes the apartment as elegant and spacious "in the sought after Carnegie Hill neighborhood," but makes no mention of light. "Please note," the listing says, "that Toll Brothers will be putting up a building that will block the east views onto Park Avenue." It is now in contract for close to the asking price, brokers say.

Last July, when Toll Brothers first filed building plans with the city, the building would not have required the sealing of as many windows as it now does. The original plans called for a thinner, rectangular tower of 19 stories, which would have left a 30 foot space between the rear of the new building and the C-line apartments.

But in November, Toll Brothers filed new plans for a 16-story building that was about the same high as the earlier building. The new one was L-shaped, with the top of the L extending to end of the lot line, opposite the dining room in the C-line apartments.

By reducing the number of stories, each full floor apartment could be larger, with higher ceilings.

Mr. Von Spreckelsen said the design changed, when designers got into the “nitty-gritty” and realized that the L-shaped building would create “very nice full floor units,” and allow for a rear yard for the garden apartment.

He said that lot-line windows were a common problem in New York, and the possibility of new construction in the future was “always priced into any sale.”

“Astute buyers know they are dealing with lot-line windows and those windows can be blocked up at any time,” he said.

A few days ago, Katharine Tuckerman, a broker at Brown Harris Stevens, had an open house at a third-floor C-line apartment listed for \$2.15 million, just one day after the dining-room windows were covered with a sheet of plywood and nailed shut from the inside.

She said that with unobstructed Park Avenue views apartments in the C line would be valued at about \$3 million in today’s strong market. When showing the apartment, she kept the dining room shades down, but was careful to show each visitor where the Toll Brothers building would go.

She kept a photo of a rendering of the new building on her cellphone, so that potential buyers could see what the building would look like, front and back. “It is the fear of the unknown that is the problem,” she said.

James Hausman, a real-estate lawyer who showed up at the open house to check out the apartment for himself, said that anybody who bought in the last four years or so “is going to take a loss.” But, he added: “It is still Park Avenue. It is the best neighborhood in the city.