

Is Uptown the New Downtown?

BY C. J. HUGHES



More than a dozen new luxury condos have cropped up recently on prime Upper East Side blocks west of Lexington.

During the past couple of decades, the city seemed to loosen its collective tie and catch a car-service downtown. Turning their backs on established old-money enclaves around Central Park, buyers instead flocked to gentrifying sections of lower Manhattan like the West Village, Soho, and Tribeca, making their real estate the hottest in the city.

But a slew of developers are betting that those uptown expats can be lured back to the Upper East Side, along with fresh-faced arrivals who couldn't care less about the area's preppy *Social Register* legacy. In recent months, more than a dozen major new condos, representing hundreds of high-end units, have cropped up across the most desirable slice of the neighborhood—the well-scrubbed sidewalks west of Lexington Avenue, which for decades seemed like the only place one-percenters would live.

Until recently buyers had two options for prime Upper East Side real estate, co-ops or townhouses; the former far more numerous. Co-ops meant submitting to a grueling application process with personal finances laid bare and letters of reference required. By offering an alternative to stuffy, rules-bound co-ops, a different breed of buyer might discover the neighborhood, the thinking goes, so that a place once known as the Silk Stocking District might actually someday have a shot at being—gasp!—hip. “Thankfully, real estate abhors a vacuum,” says broker Kirk Henckels, who handles multimillion-dollar listings for [Stribling](#). “And we’ve really had a vacuum in the condo category for a long time.”

But that may be changing quickly. In 2012, new-development sales on the Upper East Side jumped 34 percent over the previous year, according to data from Corcoran Sunshine Marketing Group, with co-ops gaining just 24 percent in the same period. Similarly, there were about twice as many new-construction sales in the first quarter of 2013 on the Upper East Side as compared with the year-ago quarter, the Corcoran report says. In a great deal of cases, developers have been able to wedge their way into this densely settled, mostly landmarked area only by converting existing rental buildings, which can seem just as elegant as their co-op counterparts on the exterior. The condo at 150 East 72nd Street, for instance, boasts a toothy frieze across its brick-and-masonry façade, like many of its prewar neighbors.

But the interiors are a different story. Tastes have changed since the turn of the last century, when the building went up: People want their homes to have more legroom than in the old days. So, developer Harry Macklowe combined units at the 72nd Street property to make them considerably larger. Pre-renovation, there were three per floor; now, there are two, with between three and five bedrooms. Since sales launched last year, six of 22 apartments have sold, says Macklowe's Executive Vice President of Sales Richard Wallgren, for prices starting at \$5.5 million and four-bedrooms ranging from just under \$10 million to \$11.25 million.

When given a choice, buyers also want better bathrooms than what many co-ops offer, Wallgren says, which is why 737 Park Avenue (a property Macklowe is also redeveloping with his **CIM Group**) lavished so much attention on their design. That 21-story redbrick building, completed in 1941, had been one of Park Avenue's last rentals, featuring 65 two- to fivebedrooms, some with terraces. The units, which average \$3,500 a square foot, were about 40 percent sold in May, after six months of marketing, according to Wallgren. "One of the criticisms that many people had of prewar apartments is that baths were small, so we greatly enlarged them," he says. Indeed, tubs, according to one rendering, look almost marooned in the middle of a wide-open floor.

Developers are also betting that buyers don't care so much about traditional boundaries: 1200 Fifth Avenue, a 63-unit conversion, and 1212 Fifth Avenue, a 53-unit condo from **Durst Fetner Residential**, sit in a north-of-96th-Street locale that for years had been a no-go for new projects. With layouts that feature five bedrooms—a huge step up from the ubiquitous "Classic 6" model—there also seems to be an interest in appealing to families, which are coming to be near the area's many private schools, like Chapin and Dalton. In fact, a buyer with children traded a Tribeca pad for the Upper East Side because the vaunted PS 234 in his old neighborhood goes only as far as fifth grade, and he didn't like his public middle and high school options, according to a broker.

But some smaller units are in the mix, too, to cater to foreigners seeking pieds-à-terre, like at 530 Park Avenue, a cream-brick 1941 former rental at East 61st Street that has one-bedrooms in addition to larger spaces. Indeed, Aby Rosen, RFR's founder and principal, says that about half the units have been snapped up since sales began last fall, with buyers from places like Italy, Turkey, and Greece. Prices average a little more than \$3,000 a square foot.

If food can shape a neighborhood, downtown has benefited in recent years from an incursion of top chefs, though Rosen points out that the trend may be reversing. Il Mulino, the white-tablecloth Italian eatery whose original home is in Greenwich Village, opened an outpost on East 60th Street in 2012; there's also a new restaurant from Michael White, Ristorante Morini, planned for 1167 Madison, at East 85th Street. "Some of the downtown stuff is moving uptown, which has opened the area up a bit," Rosen says.

Of course, many boutiques, particularly along Madison Avenue, never really left, which seems to be a selling point of **The Carlton House**, a conversion of a hotel on Madison, at East 61st Street. The 16-story project, from the team of Extell Development Company and Angelo, Gordon & Co., presents 68 two- to five-bedrooms. The redbrick building, whose façade is detailed with pilasters and reliefs of fish, was built in the mid-1950s as a "luxury hotel-service apartment" with room service, according to news reports from the time. Today, The Carlton House doesn't shy from the fact it nuzzles a bustling retail strip, with Barneys New York across the street. Its website touts how the condo is in "the heart of one of the most exclusive shopping, dining, and cultural districts," although in a bid for some privacy, perhaps, the entrance has moved from Madison to the side street.

But developers aren't just putting their spin on what's already there. In a few cases, they've built from scratch with popular results, like with the Touraine, a new-construction condo at Lexington and East 65th Street whose cast-stone walls evoke the châteaux in the region of France it's named for. Developed by Toll Brothers City Living, the building, which is in an area recently folded into the neighborhood's extensive historic district, sold 21 of its 22 units just four months after sales kicked off in October 2011, and before there were even living rooms to see. And throughout, the Touraine kept raising its prices, about a half-dozen times, with units ultimately averaging \$2,500 a square foot, says David Von Spreckelsen, a Toll president.

Similarly, the price of the remaining apartment, a 4,346-square-foot duplex penthouse, has been jacked up to \$20 million, from \$15 million. “When you do new construction, you can do the perfect layout,” says Von Spreckelsen of his building, where three-bedrooms have three bathrooms, two of them en suite. Others that started with clean slates include 135 East 79th Street, a 30-unit new construction condo from The Brodsky Organization, and 1280 Fifth, also known as One Museum Mile.

Now that the buyers have a reason to return to the Upper East Side because of fewer-rule condos, co-ops seem to be worried, which is perhaps the strongest evidence yet that the condo-mania has staying power. To stay competitive, Henckels says, some Upper East Side co-ops are getting rid of rules that limit renovation projects to the summer, when many are away; others are letting people buy apartments through trusts, to shield their identities. “Co-ops could use a good dose of public relations at this point,” he jokes.

In the end, the Upper East Side’s comeback may be for all the reasons that made it a coveted address a century ago: dazzling architecture, a nice balance of homes and shops, and Central Park, a leafy jewel, says Nir Meir, a principal of **HFZ Capital Group**, which in partnership with **Vornado Realty Trust** is converting The Marquand, a mansion at East 68th Street and Madison. Built in 1913, the Beaux-Arts building, whose outer walls sport decorative shields inscribed with the letter “M,” has 10-foot ceilings and at least one working fireplace in each of its 30 units. But it has also added modern flourishes, such as central air conditioning and wiring for stereos, computers, and TVs, Meir says.

And Meir knows well about rival areas: HFZ is also behind the conversion of 11 Beach Street, a former office building in Tribeca, which like other made-over former industrial areas that are currently in vogue could be seen as having some catching up to do. “A century ago, the Upper East Side is where people came for large apartments, for a good quality of life, to be centrally located to everything,” Meir says. “One hundred years later, they’re coming back.”



The least expensive condo at The Marquand at Madison Avenue and 68th Street, will cost \$15 million.