

A new wave of ‘affordable’ Manhattan condos could hit the mark with first-time buyers



BY KATHERINE
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A condo conversion by HFZ Capital at 301 W. 53rd St. has prices ranging from \$1M to \$3M

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Sales at Fifty Third and Eighth are set to launch later this week

Drowning Manhattan apartment shoppers are being thrown a life preserver.

Prices for new apartments are hitting records, but some prime units are also in the pipeline for the budget-minded buyer — with \$750,000 to \$3 million price tags that haven't been seen since the 2008 financial crisis.

Developers call it “affordable luxury” — though that term is likely to cause as much revulsion as it does relief among would-be purchasers.

“In the last 24 months, there’s been an enormous emphasis on larger, more expensive apartments, but now, mindful developers are conscious that not everyone is a \$6 million or \$7 million buyer,” said Robert Dankner of luxury brokerage Prime Residential. “(Developers) are rethinking the way they’re building to accommodate that area of the market.”

One of the new “affordable” projects is Fifty Third and Eighth, a new 252-unit condo conversion in a postwar building at 301 W. 53rd St. in Hell’s Kitchen. But how affordable is it, really?



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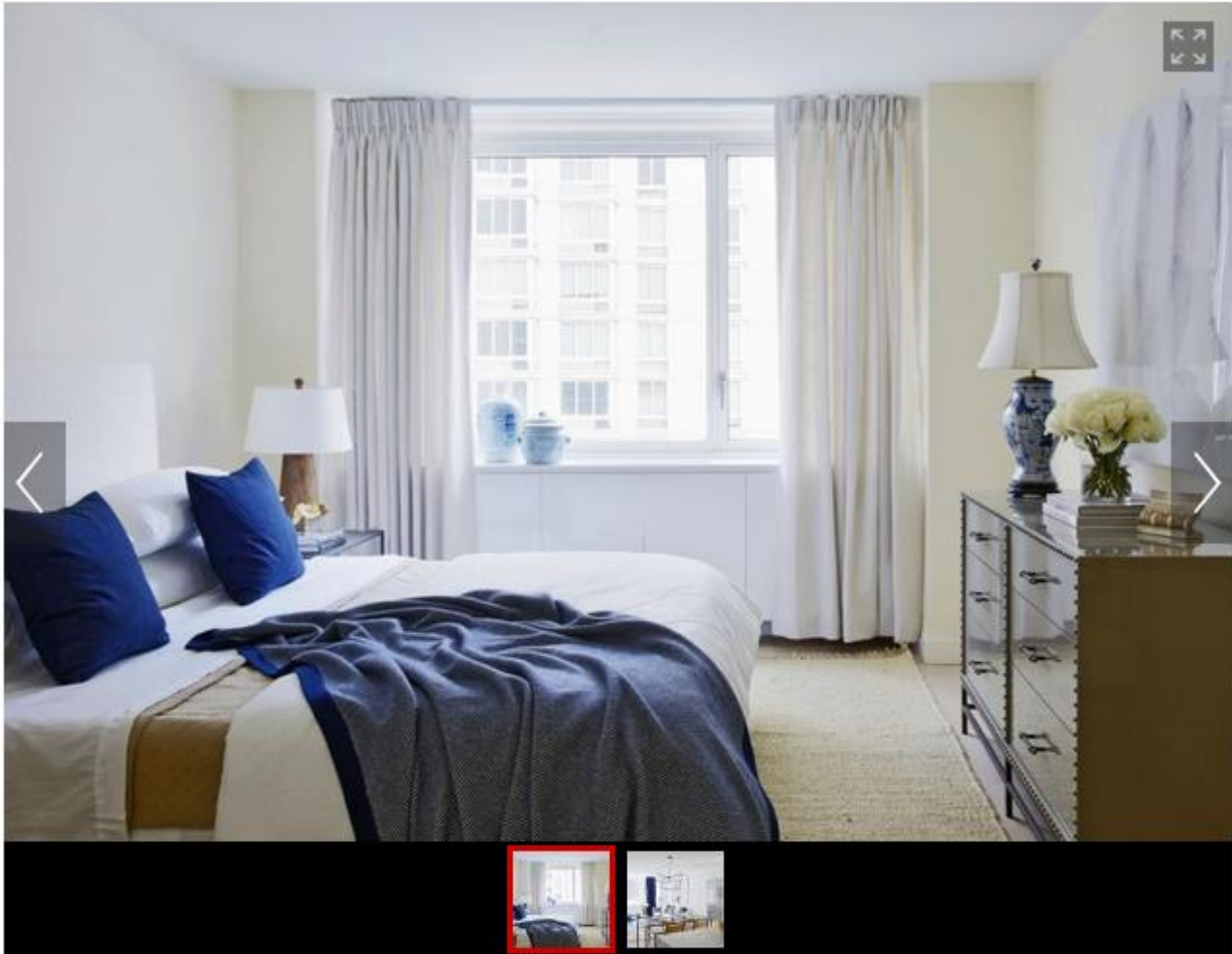
Ziel Feldman of HFZ Capitalis planning to undercut the market with his latest offering

Developer Ziel Feldman of HFZ Capital said prices at will range from \$1.1 million for a one-bedroom home to \$3.25 million for a three-bedroom apartment.

That’s hardly chump change, but it’s significantly less than units in some of the tonier towers that have opened for sales in recent months, with prices in the tens of millions. The average sales price for a “luxury” home was a whopping \$7 million in the fourth quarter of 2014, up 19.3% in just a year, according to brokerage Douglas Elliman.

The more modest price point is especially rare in prime areas of Manhattan.

Brokers said these projects are the new definition of affordable in a market where \$50 million penthouses are as common as Chase branches.



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The model unit at 301 West 53rd Street is small but packs a punch

"The meaning of the word 'affordable' has become skewed," said Jonathan Miller of appraisal firm Miller Samuel. "It's gone from meaning subsidized housing, to affordable to the middle class. Now it's morphed into this, which is not really affordable for most people at all."

The wave of entry-level homes breaks at the right moment for first-time homebuyers, thanks to mortgage giants Fannie Mae and Freddie Mac, which will this year start backing some loans with as little as 3% down.

Experts predict that the new rules could bring a lot of longtime renters and financially capable young buyers into the market for the first time.

Other new Manhattan buildings in the “affordable luxury” segment of the market include 300 E. 64th St., a rental-to-condo conversion by developer Aby Rosen, where prices start at \$795,000, and 325 Lexington Ave., a 33-story, 123-unit glass tower near Grand Central Terminal, where apartments start at \$725,000.



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The kitchens have custom cabinetry

Developers have long claimed they can't afford to build for the average buyer because of high land and construction costs — but most of the new “affordable” projects are conversions, and the apartments are smaller than those in new buildings. That maximizes a developer's profit.

“People are very conscious of the total dollars they're spending, more so than the price per square foot,” Feldman said. “These are not sprawling apartments, because that's not what this customer needs.”

The units are undoubtedly luxurious by normal standards — all the apartments at Fifty Third and Eighth have white oak flooring, marble baths, Bosch washers and dryers and custom cabinets — but they're certainly not extravagant like their pricier counterparts on nearby “Billionaires' Row.”

“This is definitely not a benevolent or altruistic kind of approach to development,”

Dankner said. “It's smart, and it's satisfying a major need.”