

THE REAL DEAL

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Sprucing up below Canal

Rezoning could lift up lower Lafayette, if economy cooperates

By JOVANA RIZZO

Lafayette Street begins at Astor Place — and heading south, one passes the Public Theater, high-end boutiques, crowded bars and luxury condos. But below Canal Street, everything changes.

There, Lafayette crosses into Chinatown, where throngs of bargain hunters look for fake Fendi bags. There is an off-track betting parlor, a homeless shelter, a New York University dorm and a liquor store where the owner is barricaded behind a wall of plexiglass.

But while Lafayette Street seems like two different worlds above and below Canal Street, brokers say that could all be about to change. That is, if economic conditions cooperate.

A luxury condo is coming to 50 Franklin Street, off of Lafayette, and one block away, new stores and residents could be on the way, thanks to a rezoning approved in July. The two blocks bounded by Lafayette Street and Broadway on the east and west, and Walker and White streets north and south, were rezoned from manufacturing to residential, commercial and retail use.

Jason Walker, a senior vice president at Prudential Douglas Elliman and part of the exclusive marketing team for the condo, called Fifty Franklin, said the area can expect to see changes within the next two years, and predicts a complete transformation within five.

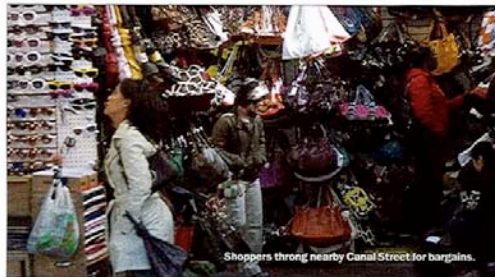


"Now that luxury buildings are coming in, people are coming, and it provides a demand for these upscale types of outlets," Walker said, adding that change on Franklin Street is already underway. "A couple high-end restaurants and four high-end designers, including Steven Alan, are in the area, and fitness studios are popping up. You never would have seen that five years ago."

Fifty Franklin is under construction on the site of a former parking garage, and sales are expected to start later this month. The 72-unit building will offer studio, one-, two- and three-bedroom units, as well as three penthouses. The units start at 600 square feet, and prices will range from \$600,000 to \$3 million. Amenities include a fitness center, media room, full-time doorman, concierge and a guest unit that residents can rent for visitors.

"[New developments] bring new people to neighborhoods, which then attracts restaurants, clothing retailers and amenities like drugstores," said Darrell Rubens, managing director of Winick Realty Group. Rubens said that he expects hip clothing and furniture stores to move to the area from Broadway and West Broadway.

"It's a great emerging market in New York. More and more Soho tenants, like galleries and clothing stores, are moving



Shoppers through nearby Canal Street for bargains.

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Jason Walker, Prudential Douglas Elliman

over to this location," Rubens said.

Brokers said a single new project can have a strong impact on a fringe neighborhood. Walker credited 505 Greenwich Street in driving the redevelopment of the Hudson Square area.

"About five years ago, there was not much there," Walker said. "505 Greenwich was built, and shortly after, there were five or six luxury buildings in the area and a tremendous amount of retail coming in. [High-

end clothing store] Aloha Rag just went to commercial space there."

Shaun Osher, CEO of Core Group Marketing, said that he saw West Chelsea change when he was marketing 150 West 19th Street.

"West Chelsea, five years ago, was almost a desert town, and now it's a hubbub of luxury residential housing and retail," said Osher. He noted that when he was marketing 150 West 19th Street two years ago, he fo-

cused on the neighborhood that West Chelsea was becoming, instead of what was there at the time.

But while 50 Franklin is going up, it may be a while before it gets brand-new residential neighbors. In New York's troubled economic climate, many new developments are not being started.

Also, for the new developments that are being completed, everything depends on

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Designers like Steven Alan are moving into the area just below Canal.

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buyers showing up. The number of sales of condos and co-ops in Manhattan fell to 2,654 in the third quarter from 3,081 in the second quarter, according to appraisal firm Miller Samuel.

"I'm very skeptical if new developments are going to reach completion," said Heather Bise, a vice president at DJK Residential.

In fact, thanks to the rezoning, an owner of a parking lot at 84 White Street was planning on building a nine-story condominium on the site. Although the proposal has been approved by the city's Planning Commission, the owner is now waiting to see if the market picks up.

"Prices have been holding in the area, but they are waiting until the end of the year to evaluate," said Juan Reyes III, a partner at the law firm Riker Danzig Scherer Hyland & Perretti, which represents the developer. "I could tell you about five other clients with the same story."

Even if new residential developments in the area are



Asia Rustic is a furnishings boutique on Franklin Street, an example of higher-end retail just below Canal Street.

on hold, brokers say the neighborhood still has tremendous retail potential because of its location between the major shopping district in Soho and the boutique-filled Nolita.

Besides location, low commercial rents will also be an attraction to retailers, brokers said.

Rubens said rent on White and Walker streets is on average \$100 per square foot, compared to \$300-plus on Broadway and more than \$400 per square foot in Soho.

"Zoning drives everything in the city, and as far as rent is concerned, it's a plus if it's cheap, and down there right now, it's inexpensive," Bise said. "Nolita has bars, clubs, cafés ... and it's going to continue its way south." **TRD**