

# DOWNTOWN

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## THE NEW BLACK

Thanks to luxury residential buildings and world-class amenities, Downtown Manhattan is suddenly the hottest place to reside.

By Michael Shapiro and Luis Varquez

**DOWNTOWN IS THE NEW BLACK**, the in spot, the next new thing. But don't expect this black to grow gray and fade as happens to most trendy neighborhoods. Its ability to adapt to the needs of its settlers will enable Downtown to maintain its edginess, while at the same time welcoming playgrounds, strollers, leashes and dog parks.

As the residents have changed, so too have the predominant housing styles. The tenements of Downtown's early inhabitants gave way to flats and now luxury high-rises and office conversions. The Victrola and Liberty Luxe in Battery Park City, 15 Broad, 2 Gold and William Beaver House in FIDt, 101 Warren, the Fairchild and Truffin in TriBeCa are just a few examples of high-end Downtown living at its best. Coming soon is the incredible 76-story Bankman Tower designed by Frank Gehry. As one of the tallest buildings in Lower Manhattan, it will offer spectacular views along with lavish living space. The options for luxury living Downtown are as varied as they are sumptuous.

Downtown arrived late to the real estate development party primarily because of its lack of residential services, but no more. Convenience shopping, destination shopping and luxury goods and services abound. You can put up your out-of-town guests at amenity-rich hotels, send your

children to top-ranked schools and exercise and pamper your pets (and yourself) in gorgeous parks, dog runs and spas. But for the hot restaurants, hip nightlife and some residual grit to remind us of its roots, Downtown might be mistaken for the Upper East Side.

Although Downtown boasts some of the most valuable real estate in the city, the practicalities of doing deals pose some serious challenges. Financing whether for purchase or refinances, is difficult for numerous reasons. Relatively few sales for appraisers to use as comparables are resulting in lower than expected appraisals. Some buildings fail to meet lender guidelines, because they are simply too small, have too many unrented units, have a low percentage of owner occupancy, or have insufficient reserves or inadequate insurance. The latest obstacle is that lenders will not finance purchases in buildings with hotel-like services, such as room service, maid service, open and short-term stays. Banks fear these high-end amenities make properties more akin to investments than residences, and investments are riskier mortgages.

Despite the challenges, the market is responding positively to Downtown's high-end housing stock and lifestyle. The vibe remains positive, energy levels are through the roof (and the buzz is spreading). Downtown has arrived!

