

October 29, 2010

GREATER NEW YORK

THE WALL STREET JOURNAL

PROPERTY

BLOCK PARTY | By Shelly Banjo

Battery Park City Rolling On

While the real-estate market stalled across most of New York City during the financial crisis, building at Battery Park City went full steam ahead, turning the once-blighted downtown into a suburban mecca for stroller-pushing parents and Wall Street executives.

Over the past 10 years, nine residential buildings with 2,435 units have been built as part of a 40-year master plan developed through the state's Battery Park City Authority. While hundreds of area residents were displaced during the Sept. 11, 2001, terrorist attacks and many didn't return, a mix of temporarily reduced rents, government subsidies and rebuilding funds helped to restore the neighborhood.

More recently, the influx of new development and overall downturn have caused apartment prices to drop in Battery Park. The median sales price in the neighborhood dropped 17% to \$1 million in the third quarter from a year earlier, according to the Real Estate Board of New York.

Meanwhile, Goldman Sachs Group Inc. began to move into the neighborhood in a big way in 2005, leasing land to build a new headquarters, a luxury hotel and three Danny Meyer restaurants, including a Shake Shack location.

Now there are virtually no remaining empty lots left to develop in Battery Park City, largely built on top of landfill from the excavated from the World Trade Center site in the 1960s. The area now is home to a gaggle of activist families who in the past year managed to persuade the city to install a new library branch and a kindergarten through eighth grade public school.

"The plan is almost completed but our job here is not done," says Gayle Horwitz, who took over as president of the Battery Park City Authority this week. "We're closing the chapter as a real-estate developer and opening a new one to make sure we maintain this neighborhood for the future."

On Battery Park's last two developable sites, Milstein Properties is constructing two more residential buildings that are set to be finished in 2011—the 32-story Liberty Luxe and 22-story Liberty Green buildings.

In between the two buildings



Above, the Goldman Sachs headquarters opened in Battery Park City in 2009. Below, the lower Manhattan skyline with Battery Park City in foreground.

will be the 52,000-square-foot Battery Park City community center. The center will contain a 25-yard Olympic pool and fitness center, a 156-seat theater, classrooms and public space that will be new located next to existing ball fields.

Nearby, Brookfield Office Properties' World Financial Center will undergo renovations to fully integrate the complex into the city street grid as the rebuilding of the World Trade Center site and transportation center continues. Plans could include removing the large marble staircase in its Winter Garden indoor plaza and making way for a food and retail concourse. Developers are still in talks with the community board and city.

Gourmet grocery store Battery Place Market opened this month inside the Visionaire, the Albanese Organization's residential condominium at 70 Little West St. There are already two Gristedes Supermarkets and a Whole Foods Market nearby.

Busy on the northern end of the neighborhood is Goldman Sachs, which in 2009 moved its headquarters into its new 43-floor, 21-million-square-foot building at 200 West St. The project cost \$21 billion.

That has stimulated residential



sales. "Every week we get a number of prospective buyers from Goldman Sachs," says John Tashjian, a principal of Centurion Real Estate Partners, which took over the Riverhouse condominiums this year and has sold more than 85% of the building.

Goldman Sachs also has announced plans to revamp the entertainment and hotel complex next door to its building—turning the current Embassy Suites into a luxury Conrad Hotel and adding three Danny Meyer establishments.

"The neighborhood offers families the experience of raising kids in the suburbs while giving them everything the city has to offer but the only thing missing was

restaurants," Mr. Tashjian says.

It's no secret that families run this neighborhood. Stroller brigades march along the parks and streets. Community board meetings are typically packed and nearly every new residential building includes a children's playground.

"Once people move here, they never leave so they're very involved with the community," says Jessica Weitzman, a vice president at Corcoran Group who lives in the neighborhood.

In September, P.S./I.S. 276 opened on Battery Place, after busloads of parents went to Albany to urge officials to turn what was supposed to be a women's museum into a school.