

REAL ESTATE

# High-Rises to Replace an East Side Eyesore

Big Deal

By JULIE SATOW    AUG. 1, 2013

Countless New Yorkers have driven by the construction rubble that lines the Franklin D. Roosevelt Drive from East 35th Street to East 41st. The eyesore has lingered there for more than a dozen years, the target of virulent community opposition, fraught City Council hearings and a lengthy approval process.

Now the first shovels have hit the ground, and the block-front on First Avenue between 35th and 36th Streets will soon be transformed into two curving, copper-clad residential towers, creating some 800 new high-end rental units.

“These buildings will really be a game-changer for the neighborhood, which is one of the most underdeveloped in Manhattan,” said Pamela Liebman, the president and chief executive of the Corcoran Group. A division of the company, Corcoran Sunshine Marketing Group, is working with Citi Habitats to market the project.

The neighborhood, a slice of Midtown East sandwiched between Kips Bay to the south and Turtle Bay to the north, is ripe for development. The Second Avenue subway will eventually make it more accessible by mass transit, and the massive Midtown East rezoning — when and if finally approved — will probably result in new

office buildings. Some builders have already taken notice, with the Zeckendorf brothers, for example, recently topping off an 88-unit condominium nearby at 50 United Nations Plaza.

In many ways this strip along First Avenue, which has long been considered a medical corridor with anchors like Bellevue Hospital Center and N.Y.U. Langone Medical Center, is comparable to the Far West Side. That neighborhood, which also hugs the water, has undergone fairly extensive development since the Hudson Yards rezoning and the extension of the No. 7 subway line.

As for the copper towers, at 616 First Avenue, their protracted saga began in 2000. That was when Sheldon H. Solow, the developer best known for his many lawsuits and prickly personality, partnered with the Fisher real estate family to buy 9.2 acres in three parcels from Consolidated Edison for around \$600 million. Over the years the partnership dissolved, and Mr. Solow proceeded alone, cajoling politicians and negotiating with various city agencies to rezone the land for residential and commercial use from manufacturing, and spending millions of dollars for design work and environmental clean-ups.

In 2008, Mr. Solow won approvals for a \$4 billion development comprising seven towers, with designs by Richard Meier and Skidmore Owings & Merrill. But work never proceeded, and earlier this year Mr. Solow sold one of the parcels — just slightly more than one acre — for \$172.5 million to JDS Development — which is now in talks to acquire the two remaining parcels, according to sources with knowledge of the deal.

After having fought to get city approval for rezoning, Mr. Solow has a property worth far more than when he acquired it. (Calls to him seeking comment were not returned.) His decision to sell part of it to JDS raises intriguing questions. Mr. Solow, who shuns the spotlight, is well into his 80s, with a storied career in New York real estate as the builder of the tower at 9 West 57th Street and other iconic structures. In many ways he is a foil to Michael Stern, JDS's managing partner.

A Long Island native who did not graduate from college, Mr. Stern, 34, is often quoted in the press. He is a relative newcomer, having embarked on his New York City real estate career in 2004 after a stint with a developer in Florida.

It wasn't until 2011, with the start of marketing of Walker Tower, a high-end condominium in Chelsea, that he broke into the mainstream. But he has become one of the city's most prolific developers, racking up high-profile projects including the 1,000-foot-tall condominium he is building with Property Markets Group at the former Steinway Musical Instruments building on West 57th Street.

"I had known about the assemblages on the East Side," Mr. Stern recalled, "and when the opportunity came up, I saw it as a unique chance to make a large impact on the skyline." He added that he "pursued it aggressively."

The First Avenue development, which has not yet been named, broke ground in July and has an expected completion date in early 2016. At 49 and 40 stories, respectively, the towers can be built "as of right," being the same size as in the plan proposed by Mr. Solow, although their designs differ significantly.

"This area hasn't seen any great architecture since the development of the United Nations" in 1947, said Vishaan Chakrabarti, a partner at SHoP Architects, which is responsible for both exteriors and interiors in the project. "This could be a harbinger of things to come in terms of getting more innovative design along the East River."

The two buildings bend and connect via a sky bridge, billed as the showstopper, which will feature an indoor lap pool and a lounge area. The development will also have a rooftop deck with an infinity-edge pool, a fitness center, a boxing gym and a squash court. Other amenities include a children's playroom, a screening room, and a demo kitchen and dining area.

"The buildings are modern and fresh," Mr. Chakrabarti said. "They dance with each other, not like Ginger Rogers and Fred Astaire, but like Shawn and Beyoncé," Shawn Carter being better known as Jay Z.

The copper curtain wall that is to cover the northern and southern facades is a nod to the artist Richard Serra, whose torqued metal sculptures provided design inspiration. "It is not just the metal itself," Mr. Chakrabarti said, "but the feeling of the electrons that move between the metal, the tension between the two forms." The other sides will be glass.

The site flooded during Hurricane Sandy, so the developer plans to put all

building mechanicals on the second floor; he also envisions eight-foot floodgates, backup generators and a special outlet in each unit that will work in the event of a blackout.

The development includes plans for a privately owned park, still contingent on the approval of the city's Department of City Planning, and for a public elementary school that will open this fall. Twenty percent of the apartments will be listed below market rate, and in exchange the developer will be eligible for a 20-year real estate tax abatement.

"We really wanted an iconic design," Mr. Stern said. "This is a large-scale site, one of the largest residential developments to hit Midtown East in a very long time, so it is important not to miss the mark and to push the envelope."

### ***Correction: August 11, 2013***

A brief article last Sunday with the Big Deal column about the increasing number of developers who are pursuing luxury rental buildings, using information from the institutional investor Invesco, misidentified the street where one of its developments, Instrata NoMad, will be located. It is East 29th Street, not East 44th.

### **Luxury Rentals Take the Stage**

Increasing numbers of developers are pursuing luxury rental buildings like JDS Development's new towers under way at 616 First Avenue. The concept is especially popular in up-and-coming neighborhoods, where it is often easier to attract rental tenants than condo buyers.

Developers have been encouraged to pursue the trend by the success of buildings like the Related Company's MiMA on the Far West Side and Forest City Ratner's 8 Spruce Street in the financial district.

Now joining the party is the institutional investor Invesco, which is rolling out a luxury rental brand in New York. Known as Instrata, it will be applied to several of the company's rental products here, including Mercedes House on the Far West Side. That building, on West 54th Street, was originally built as a rental with condominiums on the upper floors. Invesco bought the condominium portion earlier this year, and will rebrand those top 11 floors, or 162 units, as rental units and name them Strata at Mercedes House.

"Instrata is going to be our strictly luxury assets in New York," said Michael Kirby, a managing director at Invesco Real Estate. To be included in the brand, buildings must

have condominium-level finishes and offer plenty of amenities. The landlord will offer free concierge service to all tenants of Instrata buildings, he added.

Other properties being similarly repurposed include the former Madison Belvedere on East 29th Street, to be known as Instrata NoMad; the Elektra on Third Avenue, now called Instrata Gramercy; and 75 Clinton Street, to be renamed Instrata Brooklyn Heights. Some of the buildings were conceived as condos; those built as rentals will be retrofitted with higher-end finishes or additional amenities.

“Over the past several years,” said Rob Neiffer, a director at Invesco Real Estate, “there has been an influx in the number of high-end rentals. Before that, anyone who wanted to rent in a luxury building had to go to a condominium, so we identified this void in the market and are hoping to fill it.”

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