

REAL ESTATE

An Upper East Side Condo Wave

By C. J. HUGHES DEC. 11, 2015

The skinny strip of the Upper East Side that runs between Central Park and Park Avenue has long been dominated by co-ops and is arguably one of the most staid parts of the city.

Now, in a burst of activity not seen since the 1980s, condominiums are shouldering their way into this upscale district, which runs from about East 59th to East 96th Streets. More than a half-dozen projects, ranging from newly built apartment houses to makeovers of prewar properties, have opened there in the last few years or are underway.

In an area blanketed by historic districts, several of the latest projects involve conversions of existing structures, even if not much is being preserved except the facades.

These conversions include 12 East 88th Street, a red-brick 13-story building near Fifth Avenue designed by Rosario Candela, the architect responsible for much of the Upper East Side's elegant look.

Under an approved offering plan, Simon Baron Development will be allowed to create up to 53 units for sale in the building, ranging from one- to five-bedrooms, after combining some of the existing 65 apartments. Seventeen of the units currently have tenants paying regulated rents.

Just outside the Carnegie Hill Historic District, the property, completed in 1931 and on the same block as the Guggenheim Museum, can be altered without city approval. But other than upgrading windows, the developer said there were no plans to change the exterior.

Inside, though, many interiors are being gutted and replaced with interpretations of what was there before, including crown molding and fireplaces. Similarly, the lobby will be significantly remodeled and enlarged. Marble will replace its checkerboard-tile floor, said Vicente Wolf, the project's interior designer. "When you come in, you will have a sense that this is a building that was approached with a different sensibility," said Mr. Vicente, who works frequently on the Upper East Side.

As for pricing, units at the condominium will range from about \$3 million to \$22 million, or an average of \$3,388 per square foot, according to a spokeswoman for the project, whose offering plan was approved by the state attorney general's office on Wednesday. The Marketing Directors is handling sales.

Simon Baron paid \$105 million for the property in March 2014, according to city records. Renovations began this summer, and move-ins are expected in spring 2016.

Unlike co-ops, which can require applications as thick as bricks, condos are far easier to purchase, which is why Matthew Baron, the president of the development firm, believes 12 East 88th will succeed, even if there are much trendier areas downtown and in Brooklyn. "I don't think everybody wants what's cool and hip," he said.

A stylistic kin, though on a smaller scale, is 40 East 72nd Street, a six-unit conversion of a prewar brick former rental near Madison Avenue, by Axia Realty, a division of Ionian Management, an investment group involved with shipping and oil.

The facade of No. 40, a designated landmark, is being retained. But behind it are some sizable apartments, like a full-floor three-bedroom with

more than 3,000 square feet and three balconies, listed at \$12.15 million, or \$3,879 a square foot. Most apartments have wood-burning fireplaces and marble master baths.

The building, which originally had 17 rentals and has been in the same hands since the 1970s, benefits from proximity to private schools, said Nikki Field, an associate broker with Sotheby's International Realty, which is marketing the property.

Another appeal is that the area, part of Carnegie Hill and Lenox Hill, could be considered club land. Not the dance-until-dawn type of facility, she said, but the kind with tall bookshelves and gold-framed paintings, like the members-only Metropolitan Club, founded in 1891, which is at Fifth Avenue and East 60th Street.

The neighborhood "holds the glamour, sparkle, prestige and heritage of the best lifestyle in Manhattan," Ms. Field said.

A historic shell with modern filling is also the driving principle behind 33 East 74th Street, a 10-unit project wrapping a corner on Madison Avenue by the former Whitney Museum. The development, which combines several buildings in a historic district, is being developed by Daniel E. Straus, a health care entrepreneur.

"It's a new building with an old face," said Katherine Gauthier, an agent at Douglas Elliman Real Estate, who compared the facade to a sort of movie set.

Inside, the units have chevron-patterned floors, and moldings are abundant. Four of the 10 units are now in contract since sales began a year ago, Ms. Gauthier said, and closings are planned for January. Two months later, the Metropolitan Museum of Art is scheduled to open the Met Breuer, an exhibition space in the former Whitney.

Prices for remaining units range from about \$15 million for a three-bedroom to \$39 million for a four-bedroom penthouse.

For out-of-the-ground projects, there is 1110 Park Avenue, a nine-unit limestone condo near East 90th Street from Toll Brothers City Living, which began marketing in August. Three of its nine apartments have closed, and a fourth is in contract, according to a project spokeswoman.

There is also 60 East 86th Street, near Madison Avenue, a 15-unit condo from Glenwood Management. It is sold out, according to its architect, Thomas Juul-Hansen.

Since 1964, when the St. Tropez, Manhattan's first condominium, arose on East 64th Street, they popped up only sporadically for years, and always farther east of Park Avenue, where land was more plentiful and restrictions fewer.

That changed in the 1980s, when condos surged in popularity, partly because of interest from overseas buyers who often had trouble buying in co-ops, brokers say. A handful of prewar conversions also took place, with one of the first being 26 East 63rd Street, a 12-story building at Madison called the Leonori that today has 57 units, according to Reba Miller, the owner of the RP Miller Realty Group.

"It was a way to get the foreign purchasers," including Japanese, Saudi Arabians and especially Italians, said Ms. Miller, an agent who has marketed nearly two dozen condo projects in the neighborhood, including the Leonori. "Italians loved prewar."

The Italian "condominio," a financial structure in which residents of a multifamily building would split the cost of operations but own their homes outright through deeds, was an early model. The mid-1980s condo-mania ended with the housing market collapse of the late 1980s.

But as the current boom began ramping up, developers seemed to show interest in condominiums west of Park Avenue again.

Among the early entries was the Marquand, from HFZ Capital Group, in partnership with Vornado Realty Trust, a prewar rental-turned-condo at 11 East 68th Street, with an average sales price of \$4,400 per square foot,

according to a spokeswoman for the project. Closings began in 2014, and only a \$46.5 million penthouse remains to be sold.

That the area might be starting to resemble other parts of Manhattan does not surprise Mr. Vicente, the architect, who believes neighborhood and status are a lot less important than before. Noting that clients in their 60s are moving downtown for the energy and clients in their 40s are moving uptown for the quiet, he said, “The boundaries have just broken down.”

Correction: December 11, 2015

Because of an editing error, an earlier version of this article misstated the name of the founder and chief executive of Simon Baron Development. He is Jonathan Simon, not Simon Baron.

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