

THE WALL STREET JOURNAL

Luxury Project on Columbus Stirs Up Area

January 22, 2011

By CRAIG KARMIN

A sprawling luxury-residential and retail complex is finishing construction on Columbus Avenue, completing one of the most ambitious projects the Upper West Side has seen in many years.



Unlike most of the other high-end rental towers popping up on Manhattan's West Side, Columbus Square bills itself as a self-contained village. It boasts 500,000 square feet of retail space, including a Whole Foods, Modell's and a TJ Maxx, 710 rental apartments with elevated landscaped gardens, two private schools and a \$650 million price tag.

That's a lot of units to fill at premium prices, but demand has been strong so far. The first two buildings, where one-bedrooms start around \$3,500-a-month, are fully leased.

A third building that recently opened for business was 20% leased after the first 10 days, the building's management says. The final two residential towers expect to begin leasing in the next two months.

The influx of affluent new residents and big-box stores to the neighborhood, which is close to blocks of rent-stabilized apartments and a public housing project, is sparking debate about whether Columbus Square is a boon to the area or a reproach.

Critics charge the developers—a partnership between Stellar Management Co. and Chetrit Group—have altered the neighborhood's character, turning the area between 97th and 100th streets along Columbus and Amsterdam avenues into a suburban village that is increasingly inhospitable to the area's lower-income tenants. Other locals suggest the project has re-energized the neighborhood and made it safer.

Either way, says Elliott Sclar, an urban planning professor at Columbia University, Columbus



Square is a signature development of our time, just as the red-brick slab towers surrounding the site were once the vanguard of mid-20th century urban development.

"Columbus Square was clearly designed to reflect a renewed appreciation for street life and for stores that are already popular in the suburbs," he says. "Developers have to go for the high-end tenants because it's expensive to put up something like that."

The new project was built on grounds that were next to Park West Village. That project, completed in 1961, was part of a Robert Moses plan for clearing large swaths of tenement sites in the city and replacing them with towers of moderate-income housing.

In 1972, developer Harry Helmsley acquired the property and, in the 1980s, his company converted four of the buildings to condos.

Stellar and Chetrit bought the property in 2000 from Leona Helmsley for \$122 million. The purchase included 600 unsold condos at four buildings and three rent-stabilized buildings. It also included tennis courts and a retail space that catered to the neighborhood—mom-and-pop



shops and a discount store—that were torn down for the new buildings.

Germany's HSH Nordbank provided financing for Columbus Square. When the bank ran into trouble during the financial crisis, the developers' loans dried up and they were forced to put more of their own money into the project to keep construction going through the recession, says Laurence Gluck, Stellar's founder and principal.

With the construction's end in sight, the developers are in the final stages of extending debt on the last building. Mr. Gluck added that they won't take on additional leverage.

"We thought the market on the Upper West Side was somewhat bereft of high-end product," Mr. Gluck says. "Because of its grand scale, we felt we could build a new neighborhood that would be an attraction itself."

Not everyone feels it's for the better. Some long-time residents in the area who are aware that developers, including Stellar, acquire affordable housing buildings and upgrade them to raise rents have been particularly skeptical.

"It's changing the character of the neighborhood substantially," says Sue Susman, who has lived at West 97th Street since 1969. "It feels like Madison and 54th Street."

She says the new retail has brought more traffic and congestion to the area, while Whole Foods and some of the other stores are priced beyond the means of many residents.



Even so, she adds, the new buildings have made the area safer than when the empty tennis courts could be a dangerous place after dark. "It used to be a little scary," Ms. Susman says. "Not now."

Hector Cardona, who has lived at 93rd Street for 35 years and grew up in the neighborhood, says Columbus Square has made the street more vibrant. "It gives us a lot more life," he says.

The developers and Winick Realty, the retail broker for the project, say they are sensitive to finding stores that will attract area residents outside Columbus Square. Associated Supermarkets, a more modestly priced alternative to Whole Foods, opened late last year.

Following neighborhood complaints about a lack of basic services at Columbus Square, a dry cleaner opened recently, though management says a dry cleaning shop was always planned. One of the private schools, which is open to children throughout the city, has 500 applicants for 20 spots in the pre-school program.

Still, residential brokers say it's usually the amenities and concentration of retail that have been attracting tenants.

One building features a salt-water pool and a three-block long outdoor sundeck. The project also offers zebrawood cabinets, Italian porcelain tile and radiant heat in some bathroom floors.