Time to define 2009

Looking back on the highlights — or is it lowlights? — of an 'annus horribilis'

By Gabby Warshawer

Following the global financial crisis at the close of 2008, most in the New York real estate community were expecting the coming year to be more challenging than any in recent memory. And 2009 did not disappoint.

As the year comes to a close, *The Real Deal* looks back at the headlines that defined 2009 — virtually all of which involved bad news for the city's real estate industry.

Most striking, perhaps, is the extent to which 2009 saw titans of the field toppled: The record prices paid in the boom years for properties like Stuyvesant Town, the Apthorp and trophy office towers such as Worldwide Plaza came to seem like bad bets. Meanwhile, many smaller players were squeezed out of the game as the market contracted.

While many in the industry labeled 2008 "a year to forget," much of 2009 seemed like a waking nightmare.

"To quote Queen Elizabeth, it was an *annus horribilis* — a horrible year in which, at first, I didn't want to get out of bed in the morning," said Paul Purcell, the co-founder of brokerage Charles Rutenberg Realty in New York.

What follows is a month-by-month account of the *annus horribilis* that was. And there's still another whole month to get through. TRD

January | February | March | April | May | June | June | July | August | September | October | November

January

6th: Fourth-quarter market reports show that the median price of resale apartments in Manhattan falls for the first time in a decade.

8th: *The Real Deal* reports that Homestead New York, a four-year-old brokerage that at one point had three Manhattan offices, has closed shop.

8th: Citi Habitats announces the closure of two offices, one in the Financial District and one in Hell's Kitchen. **Corcoran** follows

a few weeks later, announcing plans to close its **Harlem office**.

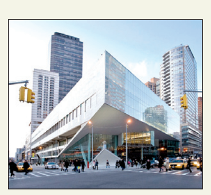
20th: **Barack Obama** is sworn in as president and releases the second half of the $700 billion Troubled Asset Relief Program. His administration also says it will start an $825 billion program to provide tax breaks for first-time home-buyers.

February

5th: Toll Brothers slashes prices by more than 20 percent at its Williamsburg development, **Northside Piers**. The move has a domino effect on the area when other developers later follow suit.

17th: The owners of Brooklyn's **Starrett City**, the largest federally subsidized housing complex in the country, give up trying to sell. At the height of the market, the owners expected to get more than $1 billion.

22nd: The revamped **Alice Tully Hall** at Lincoln Center opens to the public. The unveiling marks the first completed phase of the renovation at the performing arts complex.



23rd: Brown Harris Stevens acquires white-shoe boutique brokerage Edward Lee Cave.

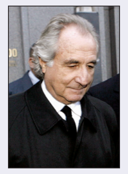
26th: Condo auctioneers tell *The Real Deal* they expect some struggling New York developers to start auctioning off units. They are proven right by the end of the year, when condos in Brooklyn and the Bronx go on the block.

March

5th: A state judge orders the foreclosure of Battery Park City's **Rector Square**, one of the first completed condos in the city to ever go into foreclosure.

5th: A state appellate court reinstates a 2007 lawsuit brought by **Stuy Town** tenants, alleging they were illegally charged market-rate rents while the owners received a tax abatement.

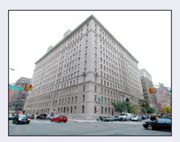
12th: **Bernie Madoff** pleads guilty to the biggest Ponzi scheme in U.S. history, swindling $50 billion from his investors. According to the New York Times, major real estate players, including CBRE's Stephen Siegel and Mets owner Fred Wilpon, are among the victims.



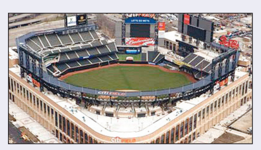
23rd: A news report is published on the escalating trend of buyers forfeiting deposits at new developments. With the credit crisis, some buyers noted that they were not able to secure financing.

26th: The name of the World Trade Center's **Freedom Tower** is changed to One World Trade Center.

26th: In order to avoid foreclosure, the owners of the **Apthorp** slash prices to an average of $1,950 per foot, down from nearly $3,000, in the biggest price reduction at a Manhattan condo since Lehman Brothers crashed.



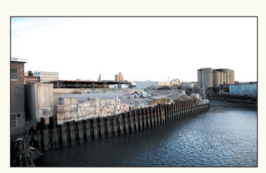
29th: The new Mets stadium, **Citi Field**, opens in Queens. The total cost comes to about $850 million.



April

2nd: The new **Yankee Stadium** officially opens in the Bronx. Total price tag: $1.5 billion.

9th: The EPA says it wants to add the **Gowanus Canal** to the Superfund's National Priorities List. The city — which had planned to rezone the area to spur residential development — opposes the move.



13th: *The Real Deal* reports that rental brokerage New York City Dwellers closes shop.

14th: Reports surface that **Madonna** is purchasing an East 81st Street townhouse listed at $40 million. The Material Girl ended up getting the property for $32 million later in the year.

21st: The boutique brokerage **JC DeNiro & Associates** announces plans to fold, adding to the industry's consolidation.

May

4th: Leasing begins this week at **Silver Towers**, Larry Silverstein's nearly 1,110-unit rental buildings on West 42nd Street. The units hit during a tough time, but see success with the help of generous incentives, including two months of free rent.

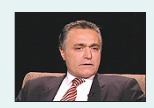
7th: REBNY releases a report showing that average asking rent for Manhattan retail space fell 11 percent between fall 2008 and spring 2009 — the first big decline since the 9/11 attacks in 2001.

15th: At an industry panel, Corcoran CEO **Pamela Liebman** says her agents are reporting that price cuts of 30 percent from the market's height are needed to close deals.

19th: Town & Country Real Estate releases figures showing sales in the **Hamptons** are down 67 percent in the first quarter of the year, the largest drop since the early '80s.

20th: *The Real Deal* reports that the 21-year-old brokerage **Coldwell Banker Hunt Kennedy** will close. The firm had been the sixth-largest brokerage in the city, with 214 agents.

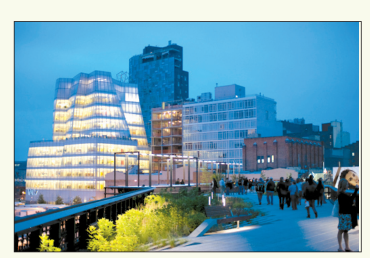
22nd: Developer **Yair Levy** pleads guilty to harassing embattled former business partner Kent Swig with an ice bucket.



June

4th: Starchitect **Frank Gehry** is officially dumped from the Atlantic Yards project in Brooklyn as a cost-saving measure for developer Forest City Ratner.

9th: The first phase of the elevated **High Line park** opens to the public. New developments in the surrounding area include buildings designed by Gehry and fellow starchitect Jean Nouvel.



10th: AIG buildings **70 Pine Street** and 72 Wall Street sell for less than $140 million combined to developer Youngwoo & Associates and a Korean bank. The sale of 72 Wall Street for $107 a foot sets a new baseline for Class B office space in Downtown.

30th: The City Council votes to approve Fordham University's expansion plan, including a new law school, dorms and residential towers, from 60th to 62nd streets between Amsterdam and Columbus avenues.

30th: Russian energy mogul **Andrei Vavilov** buys a $37 million penthouse at the **Time Warner Center.**

July

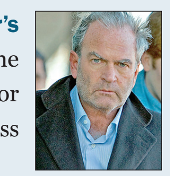
2nd: Second-quarter market reports show that Manhattan sales volume was off 50 percent from the same quarter last year, a record drop. According to an Elliman report, the median sales price of a Manhattan apartment fell 18.5 percent from the prior quarter, to $835,700.

6th: The city releases stats showing that the highest concentration of stalled construction sites is in Williamsburg: It shows 18 stalled projects there and 143 citywide.

7th: George Comfort & Sons and RCG Longview complete a deal to purchase **World-wide Plaza** for $600 million, roughly a third of what Harry Macklowe had paid for it in 2007. The buy is widely considered a coup because its relatively low sale price meant rents in the tower could be kept low.

8th: The city releases data showing that building permits issued in the first five months of the year were down nearly 50 percent from the same period in 2008. Manhattan saw the largest decline at 72 percent.

21st: Disgraced attorney **Marc Dreier's** 3,000-square-foot apartment at One Beacon Court sells at a court auction for $8.2 million, more than 20 percent less than he paid for it two years ago.



31st: **JCPenney** opens its first Manhattan store in the Manhattan Mall, becoming the retail center's anchor tenant with a 153,000-square-foot lease.

August

6th: Fortress Investment Group acquires the embattled **Sheffield57** condo for $20 million at auction. Fortress had previously acquired more than $100 million in defaulted loans for the building, which was developed by Yair Levy, Serge Hoyda and Kent Swig, who spent much of 2009 embroiled in lawsuits against each other.

10th: The highest-priced listing in Brooklyn hits the market, a **Dumbo penthouse** that was listed for $25 million by developer Two Trees. Brooklyn's biggest residential deal up until then was an $11 million home sale in Gravesend in 2006.

10th: Cushman & Wakefield releases figures showing that premium offices leases were reportedly down 80 percent through July in Manhattan, with only 12 deals inked at $100 a foot or more in the first seven months of the year, down from 66 during the same period in '08.

19th: News breaks that the Apthorp needs to sell 25 units by Sept. 15 or abandon its offering plan. Owners Africa Israel Investments and Mann Realty Associates call in superbroker **Dolly Lenz** to spearhead sales efforts. By early September, at least 25 units in the UWS condo conversion had sold.

31st: The Clarett Group cedes control of the Downtown Brooklyn condo the Forté to its lender. The building was one of several in the area that was rumored to be failing due to weak sales. After the deal, the bank controlled 72 of the condo's 109 units.

September

1st: The largest new long-term office lease of the year is reported, with the **Gap** taking 265,083 square feet at 40 Worth Street for 20 years. Law firm Loeb & Loeb signs for 155,000 square feet at 345 Park Avenue in another major deal.

1st: Details regarding the sale of Harlem's **Bailey Mansion**, which went into contract in late summer, emerge: The property traded for $1.4 million in an all-cash transaction. The dilapidated mansion, which had been the home of Barnum & Bailey entrepreneur James Bailey, originally hit the market in late 2008 for $10 million.

9th: Atlantic Yards developer Bruce Ratner unveils new renderings for the proposed **Nets arena**. The first replacement design by Ellerbe Becket was widely criticized; these designs, on which Ellerbe Becket collaborated with the firm ShoP, get better reviews.

9th: As the New York Observer reports, Sotheby's brokers Serena Boardman and Anne Corey beat out a host of other high-profile agents when they are selected to sell Madoff's apartment at 133 East 64th Street.

16th: The city approves $20 million in tax-exempt bonds for the stalled CityPoint development in Downtown Brooklyn, making it one of the first projects in the country to get federal stimulus money.

23rd: Russia's richest resident, **Mikhail Prokhorov**, announces a deal that would make his Onexim Group the majority owner of the Nets and an Atlantic Yards development partner.

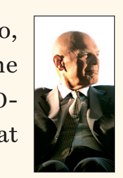
24th: Facing massive debt amidst the housing slump and recession, **Realogy**, the parent company of Corcoran, Sotheby's, Coldwell Banker and other firms, is reportedly seeking $325 million of second lien term loans.

October

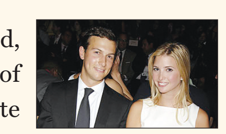
14th: The first auction of luxury condos in Brooklyn is announced for a 16-unit development in Greenpoint. Held in November, it resulted in five sales between $272,000 and $387,500, according to Curbed. Original asking prices had ranged from $445,000 to $599,000.

22nd: The state Court of Appeals rules that Tishman **Speyer** and BlackRock Realty, the owners of Stuy Town and Peter Cooper Village, improperly raised rents and deregulated thousands of apartments while receiving tax breaks. The landmark ruling immediately sends shock waves through the industry.

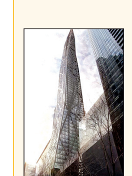
23rd: The chairman of Vornado, **Steven Roth,** is identified as the buyer of a $9.4 million, 3,000-square-foot **Montauk home** that belonged to the Madoffs.



25th: **Jared Kushner** and **Ivanka Trump** wed, symbolically merging the fortunes of two of the biggest players on the city's real estate scene.



28th: The City Council approves a zoning variance for the tower next to the Museum of Modern Art on West 53rd Street. Following the vote, opponents, who object to the height of the **Nouvel-designed tower** (it's proposed at 1,025 feet), vow to file a lawsuit over the project.



November

4th: **Michael Bloomberg,** widely admired in the real estate industry for being pro-development, narrowly wins his quest for a third term.

6th: The city increases its tally of the number of stalled construction sites to more than 500, with the highest concentration still in Williamsburg.

9th: Tishman Speyer and BlackRock look to either restructure their debt or sell Stuy Town and Peter Cooper Village to avoid defaulting on their $3 billion mortgage.

11th: After a yearlong standoff, the city strikes a deal with developer Joe Sitt to purchase 6.9 acres of land in **Coney Island** for $95.6 million. The city's redevelopment plan includes an amusement park, restaurants, retail and housing.