

Finally, One Madison Is Back

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Michael Kirby Smith for The New York Times

One Madison, a 60-story tower where construction had stalled for several years, is being unveiled with a new lobby and 10,000 square feet in amenities, along with higher prices.

It's been a long, strange ride for the pencil-thin building that towers over the south side of Madison Square Park.

The bronze and glass skyscraper, known as One Madison, rises 60 stories above the foot of Madison Avenue and runs block-through from East 23rd Street to East 22nd Street. Conceived during the peak of the last real estate bubble by two developers who had never before built in New York City, the project eventually flamed out in a spectacular crash, piled under mountains of debt and multiple lawsuits.

The 600-foot building, which is the tallest by far in the area and has soaring 360-degree views, sat unfinished and mostly vacant for the past three years, a poster child for the hubris and greed of the boom era.

Last year, after a lengthy legal process, the Related Companies, along with the HFZ Capital Group and the CIM Group, emerged as the tower's new owners. Related, a major New York developer that built the Time Warner Center, has reimagined the condominium, combining units, rethinking floor plans and completing the unfinished construction.

Related is now unveiling its vision for the building, and judging from the asking prices, the new owners are hoping to reap an enormous profit.

The redeveloped One Madison, which will be completed in the first quarter of next year, has 53 apartments ranging from \$1.825 million for the building's only studio, to \$50 million for a 7,000-square-foot, five-bedroom triplex penthouse. There will also be a 10,000-square-foot amenity space stretched across two floors and featuring double-height ceilings. It will include a lounge and screening room, a private dining room, a yoga room, a 50-foot lap pool, fitness center, children's playroom and steam room. In addition to a full-time doorman, it will also offer a concierge service run by One Club.

Related is relocating the building's main lobby to the East 22nd Street side, with a terra-cotta and glass facade designed by BKSK Architects; it will keep a smaller residents' entrance on East 23rd Street. Above the lobby, where the original developers had envisioned a 22-story tower by the architect Rem Koolhaas, will be something much more modest: two 4,000-square-foot town houses that are asking \$8.85 million to \$10.85 million.

When Related took over One Madison, about half of the units were finished, with interiors designed by Cetra/Ruddy, the architecture firm that also designed the building's exterior. For the other half of the apartments, which were in various states of completion, the new owners hired the interior design firm Yabu Pushelberg, which also created the interiors of the new main lobby and the amenity spaces.

The principals behind the original building plan were Marc Jacobs, a commodities trader, and Ira Shapiro, who worked in his family real estate firm building low-income housing. They had become friendly as members of the same country club in Rockland County. After completing just one project together, a condominium on the [New Jersey](#) waterfront, the pair began casting around for a development in [Manhattan](#). They eventually settled on a parcel of land overlooking Madison Square Park in the Flatiron neighborhood.

It was 2006, and the market was nearing its peak. Buoyed by the exuberance of the real estate bubble, the pair borrowed hand over fist to finance their vision for a tall condominium tower that would offer unsurpassed views of the city. They designed a narrow sliver — the floor plates are just 3,300 square feet — and outfitted the units with features like Zuma bathtubs and wide-planked white oak flooring. Demand for the project, known then as One Madison Park, was strong. Nearly all of the 65 apartments went into contract for a total of more than \$333 million.

But the market soon showed signs of softening, and the developers found themselves struggling to secure more financing to continue construction. They eventually resorted to unconventional strategies, like offering apartments as collateral in exchange for loans. The friendship between Mr. Shapiro and Mr. Jacobs frayed and eventually dissolved amid bitter accusations. The pair managed to close on 12 apartments, for an estimated \$38 million, but it was not enough to cover their many unpaid bills. Most of the other prospective buyers had their deposits returned and were released from their contracts.

Mr. Jacobs eventually sold his partnership interest in the development. In February 2010, the building's lenders began foreclosure. The project was inundated with debt and faced what Mr. Shapiro has estimated were as many as 40 separate lawsuits —mostly from those fighting to recoup loans or who had been improperly promised units in exchange for loans.

“Ira had a great vision, but he couldn't execute on it,” said Michael Iannacone, a vice president of the Related Companies who is spearheading the redevelopment. Related bought the building's mortgage in 2011 and then angled to take possession of the property.

HFZ was also vying for ownership, but the two competitors eventually partnered with one another and the firm CIM Group to acquire it together out of bankruptcy in April of last year. The partners have worked to settle nearly all of the remaining lawsuits, although one suit, over who owns the 12th-floor units, remains outstanding.

“We spent a long time studying it, and the bones of the building were really good,” Mr. Iannacone said. “It is an iconic tower, in an awesome location with unbelievable views.”

Mr. Shapiro declined to comment on the building's development odyssey, but said, “I'm sure One Madison will be a great success in this market.”

Related's purchase of One Madison was welcome news for the owners of the 12 sold apartments, who have endured intermittent construction over the last several years, periods without water or heat and the general strangeness of living in a practically vacant skyscraper.

“We are very, very excited,” said Natalia Potapova, who lives with her toddler son and husband in a unit that takes up the entire 16th floor. Like most of the handful of other residents, Ms. Potapova moved in after closing on the apartment in 2009. While the experience of living in the building has not been without its discomforts, Related has updated them regularly on its progress and “we all have Mike's cellphone, so if there's ever a problem we just call him,” said Ms. Potapova, referring to Mr. Iannacone.

The new ownership is likely to create enhanced value for the building's beleaguered residents. Ms. Potapova, for example, paid just over \$5 million for her unit, according to public records. In comparison, a full-floor apartment on the 15th floor, one floor lower, is now asking \$10.6 million, more than double what she paid, according to the building's offering plan.

“The other building was beautiful, but we have enhanced it enormously,” said Ziel Feldman, the founder and managing principal at HFZ Capital. “Pricing in the neighborhood has also gone up a lot, surpassing the last market peak, especially at the high end.”

The building’s pièce-de-résistance is the \$50 million triplex penthouse, which is on the 58th floor and has a wraparound terrace with views in every direction, including the Hudson River and the East River. Under the former owners, the unit had a contract out for \$32 million, but the deal never closed.

“This is a very unusual product, there just aren’t many full-floor apartments with these kind of views available, especially downtown,” said Michele Kleier, the president and a chairman of Kleier Residential. One client she plans to take to the penthouse is a family with four children that is relocating from California. “When can you ever find one apartment with views of both rivers?” she said. “Not to mention that Madison Avenue in the 20s is a very hot neighborhood.”

One Madison is “a view building, it is all about the views,” said Jeffrey Fields, a broker at Rutenberg Realty.

That could spell trouble, since there is a possibility that at least some of those views could be compromised. The developer Ian Bruce Eichner, the founder and chairman of the Continuum Company, which built the CitySpire building, has plans to construct a 58-story tower just down the block, at 41 East 22nd Street. According to permits filed with the New York City Department of Buildings, that project will have 81 units, including a triplex penthouse. Mr. Eichner tried unsuccessfully to buy One Madison when it ran into trouble. A call to Mr. Eichner was not returned.

Still, while some easterly views could be impacted, One Madison is likely to meet strong demand among buyers who have been frustrated by the dearth of luxury properties, especially downtown.

“I have clients who wanted to sign contracts the first time around but they couldn’t get into the building,” Mr. Fields said. “They have been waiting for it to come back online and even those who have bought other places in the meantime are telling me they want back in.”