

New York's NoMad on the map for high-end home buyers

By David Kaufman

New York City's newest neighbourhood is attracting tech companies, foodies and upmarket real estate developers



The view from 241 Fifth Avenue, a 20-storey development in NoMad, where penthouses are priced between \$7m and \$8m

From SoHo to NoHo, NoLiTa to TriBeCa, Manhattan is an island of acronyms. One of New York's newest is NoMad, a fashionable neighbourhood, North of Madison Square Park, which is increasingly attracting tech companies, foodies and home buyers. Not to be confused with Madison Square Garden 10 blocks to the north, Madison Square Park is a 6.2-acre emerald oasis wedged between the gallery-filled Chelsea to the west and the architecturally-important Flatiron District to the east. NoMad's borders are not exact, though most agree that the area begins at the park's upper edge along 26th Street and runs northward for about six blocks, dissected by Fifth Avenue, Manhattan's most enviable address.

NoMad, a former industrial zone, is relatively new to upmarket real estate. In the late 19th century, the area was one of Manhattan's most exclusive – a gathering spot for Oscar Wilde, Mark Twain and Theodore Roosevelt. Songwriters such as Cole Porter and Irving

Berlin, along with music publishing houses, congregated along NoMad's upper limits, earning it the nickname Tin Pan Alley.

But the 20th century was less kind to NoMad. Madison Square Park succumbed to crime and homelessness amid New York's economic crises in the 1970s and 1980s. "The area lost its identity and became a no-man's land," says Debbie Landau, president of the Madison Square Park Conservancy and a revitalisation advocate.

Yet a recent Conservancy-led, 15-year, \$35m restoration scheme has helped Madison Square Park and surrounding quarters such as NoMad to thrive again. Boosted by the newly-beautified park, which now offers contemporary art shows and twice-weekly children's musical performances, private sector players began to realise NoMad's untapped potential.

Restaurateur Danny Meyer, for example, helped establish the area's culinary reputation with Tabla, 11 Madison Park and the haute burger venue Shake Shack, which has just opened a branch in London. Meyer was



Living room of the \$25m penthouse at The Whitman

followed by chef-entrepreneurs Mario Batali and Joe Bastianich. Hotels also arrived in NoMad, such as the affordable Ace and the eponymous, higher-end NoMad, followed by tech companies such as BuzzFeed and Tumblr. Now upmarket real estate developers are set to open half a dozen high-end projects in and around NoMad within the next 18 months.

“We have huge confidence in the NoMad area,” says Steven Witkoff, chairman of the Witkoff Group, which is co-developing half of the huge International Toy Center into 125 one- to five-bedroom condominiums to be called 10 Madison Square West. “They’ve done a great job restoring the park – especially for families – while the area offers great connectivity to the rest of Manhattan.” Priced between \$1.5m and about \$25m, 10 Madison Square West is indicative of NoMad’s thriving real estate market – which now commands more than \$2,000 per sq ft, up from roughly \$1,500 per sq ft in 2010.

The price increase reflects prevailing market conditions in Manhattan – notably, the scarce housing supply. According to a report by Douglas Elliman, a real estate company, the number of available apartments in Manhattan fell more than 31 per cent in the second quarter of this year – a 12-year low. Meanwhile, prices of new-build Manhattan real estate rose nearly 31 per cent during the same period to more than \$1,400 per sq ft.

With its central location and prime park access, NoMad-area agents, such as Doron Zwickel of the Core Group, suggest neighbourhood pricing could reach more than \$2,500 per sq ft by the end of the year.

Zwickel is representing 241 Fifth Avenue, a 20-storey, new-build glass tower with one- to three-bedroom residences, including two penthouses priced between \$7m and \$8m. About 75 per cent of buyers are American, says Zwickel, with the rest from Canada, the UK, Asia and Latin America.

US buyers, including Chelsea Clinton, have also flocked to The Whitman, a former textile showroom converted into four floor-through homes starting at 5,000 sq ft and priced from \$10m. Three have sold, while the 6,540 sq ft penthouse is still on offer for \$25m. “The project has proven particularly attractive to affluent young families looking for a long-term base to raise their kids,” says Dina Lewis of Douglas Elliman.

Dutch developers and Dutch designers Piet Boon and Piet Oudolf are behind Huys – “house” in Dutch – a project set in a converted office

tower with 58 one- to four-bedroom condominiums priced between \$1m and \$11m. Landscape designer Oudolf is well-regarded for his work on the nearby Highline, a mile-long elevated park built on what was once a freight railway track. Nearly 70 per cent of Huys’ homes have already been sold, many of them to European buyers.

Still, the area’s most eagerly-anticipated opening remains One Madison – a slender, 600ft tower directly on Madison Square Park which has languished unfinished and nearly unoccupied for three years. The 60-storey project went into insolvency just as construction finished but now a new ownership consortium, led by Related Companies, is completing and upgrading One Madison, which will re-enter the market this autumn. Responding to the high-end sector’s demand for larger units, the residence count has been reduced from 90 to 65 and prices will reportedly start at \$10.5m for three-bedroom units.

Michael Iannacone, vice-president of Related, anticipates a heavy concentration of international buyers. “We expect buyers to move in by early 2014,” he says, “a year before many of our neighbouring new developments.”

As projects such as One Madison push the area’s entry point at some buildings past the \$10m mark, will NoMad ultimately prove to be a sound investment? Veteran buyers such as Mexican-born banker Jaime Rodriguez believe so. Rodriguez bought a two-bedroom home on Fifth Avenue just above Madison Square Park in 2009. “I love the area’s restaurants, its central location and what I consider to be the most beautiful park in New York,” he says. What has surprised him, however, is his apartment’s appreciation in value. “People regularly offer me more than 40 per cent over the purchase price for the place,” he says. “It’s a nice increase and a tempting offer but there’s so little available in New York right now.”

