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The Real Deal's best of 2009

Top 10 biggest New York City real estate stories of the year

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By Candace Taylor



Thor Equities head Joe Sitt wrangled with city officials over Coney Island



The year 2009 was a trying time to be a real estate broker, developer or investor, but it never lacked for news.

In the aftermath of the financial crisis, the industry watched in awe -- and sometimes horror -- as residential sales ground to a virtual halt, condo projects stopped in their tracks, office rents shrank and retail stores disappeared. Buyers at buildings like 22 Renwick sued to get out of their [contracts](#), and some were granted the opportunity to [back out](#) of their contracts. Meanwhile, an amazing cast of characters -- from Kent Swig to Harry Macklowe to Lev Leviev -- publicly fought for survival. There were also glimmers of hope, from the opening of the [High Line](#) in June to the [expansion](#) of Halstead Property into Connecticut to the sale of Former Lehman Brothers CEO Dick Fuld's sale 16-room co-op apartment at 640 Park Avenue for \$25.87 million, almost \$5 million more than he bought it for two years ago.

Here are *The Real Deal* staff's picks for the stories that most altered the New York City real estate landscape in 2009, in alphabetical order.

Apthorp

The Apthorp, with its legendary vaulted gateway and cabal of celebrity residents, has grabbed headlines since 2007, when developer Maurice Mann and billionaire Lev Leviev acquired the 163-unit rental building for a record \$426 million. In early 2009, Mann and Leviev supposedly concluded their epic, very public feud, with [Mann losing](#) his role as managing agent. As the year went on, jaw-dropping price [cuts ensued](#), and super broker Dolly Lenz was hired in a scramble to sell 25 units by the Sept. 15 deadline to get the condo [conversion](#) approved. Still, the drama rages on, with investors [reportedly angry](#) about Africa Israel's performance.

Atlantic Yards

After six years of legal battles, the New York Court of Appeals last month cleared the way for developer Bruce Ratner to move forward with plans for his \$4.9 billion Atlantic Yards project, dismissing opponents' claims that the state had misused eminent domain laws to secure land for the [development](#). (That's after a design by Frank don't-call-me-starchitect [Gehry](#) was removed from the plans.) Ratner announced this month that he had [officially closed](#) on the project, and then [construction began](#). A bevy of eminent domain protests by locals ensued, including one at Freddy's Bar on Dean Street that involved the [guillotining](#) of a faceless body emblazoned with the words "eminent domain theft."

CBHK closure

For months, rumors circulated that troubled real estate giant Realogy might begin to close or [consolidate](#) its New York brokerages. Most of those [rumors](#) centered on the Corcoran Group, however, so the industry was shocked when 21-year-old Coldwell Banker Hunt Kennedy [closed](#) in May, the victim of a slow sales market. As brokers lamented the [firm's closure](#) and expressed support for the [firm's founders](#), many former CBHK agents moved to the Corcoran Group. CBHK was the largest and most well-established of a number of brokerages that closed in 2009, including [JC DeNiro & Associates](#), [Homestead New York](#) and [NYC Dwellers](#).

Coney Island agreement

After years of wrangling over the future of Brooklyn's now-gritty Coney Island, the city and [Thor Equities](#) officially came to an agreement this month, with the Bloomberg administration agreeing to pay developer Joseph Sitt, CEO of Thor Equities, \$95.7 million for seven acres of land in Coney Island. Since he began buying up land in the area in 2005, Sitt had been locked in a stalemate with city officials over how to best develop the area. Sitt [hinted](#) at *The Real Deal* forum in October that he was close to a deal with the mayor.

Distressed sales of AIG building and Four New York Plaza

In August, Youngwoo & Associates, with South Korea's Kumho Investment Bank, [bought](#) the American International Group building at 70 Pine Street and neighboring tower 72 Pine Street for the shockingly low price of \$150 million, or about \$105 per square foot.

Then in late December, JPMorgan Chase [agreed](#) to sell 23-story Four New York Plaza in Lower Manhattan for roughly \$105 million, or less than \$100 a foot, to Capstone Equities and Virginia's Harbor Group International. The two distressed sales -- reminiscent of FiDi prices from the 1990s -- set a new floor for Manhattan real estate. That's especially true for the Chase deal, since Four New York Plaza was half-leased by JPMorgan, while 70 Pine was vacant.

The Madoff affair

The scandal of Bernie Madoff's \$50 billion Ponzi scheme rocked the entire country, but nowhere did it hit home -- literally -- quite like Manhattan's Upper East Side, where Madoff and many of his victims resided. The disgraced financier was even the co-op board president at 133 East 64th Street. The [collapse](#) of Madoff's scheme had dire consequences for the real estate market in Manhattan as well as the Hamptons and Palm Beach, as victims like Marisa Noel Brown and Matthew Brown put their [homes](#) up for sale. Other prominent Madoff victims included [Howard Lorber](#) and New York Mets owner Fred Wilpon.

Sotheby's International Realty brokers [Serena Boardman](#) and Anne Corey made international headlines when they got the listing for [Madoff's penthouse](#) in September. Originally listed at \$9.9 million, the home's price was dropped to \$8.9 million in November. Madoff's [Palm Beach home](#) also received a price cut, while Madoff's [home in Montauk](#) was sold to Vornado's Steve Roth for \$8.75 million.

Stuy Town

At the beginning of 2009, the \$5.4 billion purchase of Stuy Town and Peter Cooper Village by Tishman Speyer and BlackRock was known primarily as the biggest real estate deal in American history. Now, it's viewed as one of the biggest blunders in history.

Just as Stuy Town's owners were discovering that they couldn't raise rents and evict rent-stabilized tenants as quickly as they thought, the real estate market crashed. Now, industry analysts estimate that Stuy Town is currently worth only around \$2 billion -- a 65 percent loss from the purchase price. To make matters worse, the New York State Court of Appeals this fall upheld a ruling that Tishman had improperly [deregulated](#) thousands of rent-stabilized apartments at Stuy Town and Peter Cooper Village. The ruling not only killed the owners' chances of turning a profit on the deal, it immediately raised a plethora of still-unanswered questions about what [the decision](#) would mean for [other landlords](#) and [dealmakers](#).

On a national stage, the failure of Stuy Town has thrown a spotlight on the fact that more than \$1 trillion of commercial real estate debt will mature in the next two years, and many of those deals -- like Stuy Town -- are [underwater](#).

Kent Swig

Embattled developer Kent Swig -- the fair-haired son-in-law of Harry Macklowe -- [threatened](#) to file for personal bankruptcy in September. The announcement capped a [disastrous](#) year of [debt](#) for the developer of the disastrous conversion [Sheffield57](#), who lost the property in a foreclosure auction this year. Meanwhile, Swig's 140 Williams Street has been put into special servicing by lender Capital One, while staff at his company, Swig Equities, reported that he has missed payroll multiple times this year been served with [eviction notices](#).

Worldwide Plaza Purchase

In June, an investment group led by George Comfort & Sons and RCG Longview reached an agreement to purchase Worldwide Plaza at 825 Eighth Avenue from Deutsche Bank for \$600 million-plus. Though the price was 65 percent less than Harry Macklowe paid for it in 2007, it was the [priciest](#) real estate transaction of the year, and perhaps one of the smartest.

Yair Levy

Yair Levy has been headline fodder ever since he famously clocked then-partner Kent Swig (see more on Swig above) with an ice bucket. But it was in 2009 that his empire really began to [unravel](#). The Israeli émigré, once nicknamed New York's "condo king," saw one of his biggest projects -- the conversion of Rector Square at 225 Rector Place in Battery Park City -- devolve into a debacle so big that Attorney General Andrew Cuomo opened an [investigation](#) into its collapse. In February, Anglo Irish Bank filed to foreclose on Rector Square, alleging that Levy defaulted on \$165 million in loans and on millions of dollars in other payments. Then, a group of 45 unit owners at Rector Square filed a \$100 million lawsuit against Levy, alleging widespread fraud, negligence and misrepresentation. At another one of his struggling projects, Park Columbus, Levy filed for Chapter 11 after the lender on the West 87th Street project [sued him](#) for defaulting on his loan Levy was also an investor in [Sheffield57](#).