



275 Madison Avenue, Third Floor
New York, NY 10016
October 28, 2013

Shannon Krause, PR Manager
skrause@masseyknakal.com
www.masseyknakal.com

Next stop for Chelsea land prices: \$1,000/BSF?

By, Brock Emmetsberger, Massey Knakal Realty Services

It was just over a decade ago that Manhattanites started digesting the reality of paying \$1,000,000 for 1,000 glorious square feet of dwelling space. Shortly after, Manhattan landlords accepted the fact that prime retail, office and multifamily properties located in the Island's most desirable neighborhoods would surpass this same quotient. Is it possible that \$1,000 per buildable square foot, as a norm, is just around the corner for a patch of unimproved land?

Let's take a look at some recent events that lead to this assertion: migration of the creative industries, coupled with the recent success of the High Line now has Chelsea condo buyers adjusting to \$3,000 per square foot sellout numbers. This level of pricing has been achieved by local developments such as at 200 Eleventh Avenue in 2009 and currently at The Walker Tower (212 West 18th Street). Residential developments, if unique and well located, are selling out for \$3,000 per square foot, so it is not unreasonable that the land under it will trade for a third of that price.

We nearly saw this in August 2013 with the sale of 239 Tenth Avenue. While evaluating the property, it was clear that this was going to be the first corner High Line development site to be mass marketed since the opening of the elevated park in 2009, and also since the rezoning of the Special West Chelsea District in 2005. The previous high for land in Chelsea was around \$550 per buildable square foot, and offers were already on the table for \$600 per buildable square foot. Surely this corner lot, zoned for mixed-use and situated on the High Line, would sell at a higher level.



275 Madison Avenue, Third Floor
New York, NY 10016
October 28, 2013

Shannon Krause, PR Manager
skrause@masseyknakal.com
www.masseyknakal.com

What was unclear was how buyers would react to the property's most recent use. The site was a fully operable gas station with no comparable sales to support this new world pricing. After going to market for 45 days, the previous neighborhood high was surpassed by 50% for a final sales price of \$850 per buildable square foot or an aggregate of \$23,500,000. Six bidders were within 5% of this price; four of those bidders had never developed in the neighborhood and were vying for the opportunity.

As the supply of developable land in Chelsea decreases and demand for housing continues to push new limits, there is little doubt that sites in Chelsea will soon fetch over \$1,000 per buildable foot.