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The dirt on development

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Crain's takes the measure of projects citywide and assesses the chances that renderings will become realities

The deepest recession in decades and a financial market catastrophe that has all but dried up once-mighty credit flows have both contributed to the 550 stalled real estate development projects that dot the city, from Riverdale in the Bronx to Todt Hill in Staten Island.

For the city's biggest projects, ranging from the rebuilding at Ground Zero to the transformation of the rail yards in downtown Brooklyn into a 22-acre mini-metropolis, the normal headaches of political infighting, community opposition and myriad legal challenges now pale in comparison with the great question of the moment: When will tenants once again start banging on doors to demand more office space for their companies or more living space for their families? Only when the market shows signs of reversing its downward spiral—as assessed by measures ranging from rents to land prices—will lenders even think about further risking their battered balance sheets.

As the new year gets under way, *Crain's* takes a look at half a dozen of the city's biggest projects and judges their chances of completion.

HUDSON YARDS

Hudson Yards Rendering by dbox

Size/Scope: 26 acres; 12.4 million square feet of commercial, residential and recreational space

Date announced: September 2006

Original cost estimate: $15 billion (including $2.1 billion for extension of the No. 7 line)

Current cost estimate: $15 billion

It may be a first in New York: At Hudson Yards, the sprawling, mixed-use project slated to be built above the rail yards west of Penn Station, the city is actually further along with its part of the project than the private developer is. The MTA broke ground early last year on the extension of the No. 7 subway line to 11th Avenue and West 34th Street, and it plans to complete the project in 2014.

In the meantime, Related Companies, which has agreed to build the planned 5.5 million square feet of commercial space, 5,500 apartments and 4 acres of parkland atop a $1 billion platform over the yards, is in a holding pattern. Last February, the developer—which stepped in after original winning bidder Tishman Speyer Properties dropped out the previous spring—requested a one-year extension on closing its $1 billion deal with the MTA.

Related's first $43.5 million payment is due in just a month, and company officials are hopeful.

“We're working diligently with the MTA and expect to meet the deadline,” says a company spokeswoman.

A crucial rezoning of the western section of the site was approved last month after the city and Related tentatively agreed to preserve or build 551 affordable apartments in the area, in addition to the 743 that were already pledged.

With both the developer and the city committed to the plan, its prospects look good in the long run.

“The opening of the subway means that something will get built there,” says Jon McMillan, a director at TF Cornerstone Inc., which is building apartments on West 37th Street that will front the yard's planned boulevard. “Once we've got the 7 line here, it will be [an example of], 'If you build it, they will come.' ”