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The Ghost Condos of NYC's Financial District

Designed to capitalize on lower
Manhattan's post-9/11 renaissance, these
projects remain stalled or unfinished due
to a shifting market and other issues

By [Katherine Clarke](#) / Photographs by Zack DeZon for *The Wall*

Street Journal

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In October 2018, Linda Gerstman signed a contract for her dream apartment, a \$4.6 million duplex spread at One Seaport, a gleaming new 57-story glass building under construction along the East River in the Financial District near the Brooklyn Bridge.

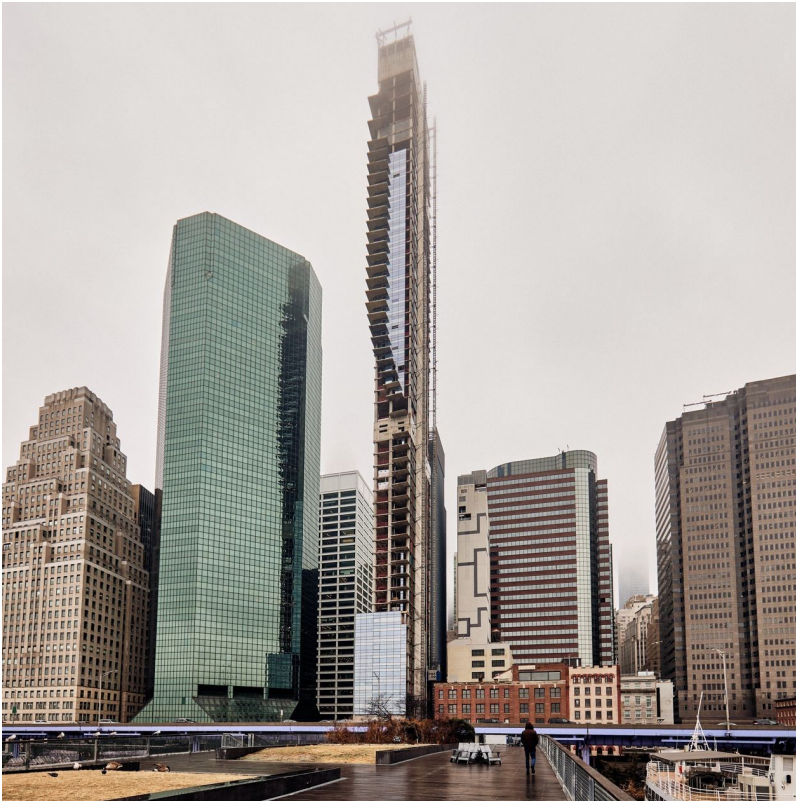
Ms. Gerstman took a hard-hat tour of the construction site. “I fell in love,” she said. “The views were insane.” Ms. Gerstman, 51, an executive at a retail services company, planned to move into her new apartment within about a year when the building was expected to be completed. Four years later, the building sits unfinished and although she has gotten her deposit money back, she’s in a legal battle with the developers to get back money she paid for upgrades to the unit.

One Seaport, still unenclosed and open to the elements, is a concrete skeleton of a skyscraper, the winter wind ripping through orange construction netting. Construction halted at least 19 months ago, after the building’s developer and onetime construction manager started battling in court over allegations that the tower is leaning slightly to one side. Developer Fortis Property Group has consistently maintained that the building is safe.

One Seaport was one of a handful of condo skyscrapers conceived in the mid 2010s, when the Manhattan condo market was booming. They were designed to

bring a taste of Billionaires' Row to lower Manhattan, a neighborhood that had become an emblem of New York's resilience after 9/11. Supertall and slimline, they were bold and architecturally significant with prices to rival those uptown. Nearly a decade later, many of these plans were dropped or stalled, thanks in large part to a subsequent decline in the New York luxury market and, in some cases, construction difficulties and developer infighting.

Here's a look at some of the projects that remain in limbo:



The onetime construction manager of One Seaport contends that the building is leaning slightly to one side. The developer said it is safe.

One Seaport

One Seaport, designed by Hill West Architects, and developed by Fortis Property Group, the company known for the redevelopment of Long Island College Hospital in Brooklyn, was designed to have custom-engineered glass walls, a private, attended port cohere, and a health club with a floating glass-edged infinity pool. The 46th-floor apartment that Ms. Gerstman signed on to buy was a midrange unit in the building, which had prices starting at around \$1.2 million for studios and one-bedrooms, and a four-bedroom penthouse asking \$18 million.

Ms. Gerstman learned something was amiss months after she signed the contract when she spotted a story in the press about a lawsuit between the building's developer and the company leading construction. The construction manager, Pizzarotti, filed suit against Fortis in New York State Supreme Court in March 2019 alleging that it was unable to proceed with construction of the tower safely because the structure was leaning roughly 3 inches from vertical, a problem Pizzarotti alleged was due to Fortis's decisions regarding the site preparation. Pizzarotti did not respond to multiple requests for comment.



Most of the contracts signed for units at One Seaport have been rescinded.

In its lawsuit, Pizzarotti alleged that leaning made it challenging to install the building's curtain wall glass exterior, the lawsuit said, with Pizzarotti warning that the leaning could result in inoperable windows, improper waterproofing and elevators that couldn't withstand high winds.

In a statement, a spokesman for Fortis insisted that there was no safety issue and

blamed Pizzarotti for delays at the project.

“Pizzarotti’s lawsuit on the One Seaport project was a pre-emptive strike to deflect from its fundamental inability to perform, and the anticipated legal claims from Fortis,” he said. He said the building’s “minimal displacement” isn’t uncommon for buildings of this scale.

Fortis filed suit in August 2020 in New York State Supreme Court against its lender, Bank Leumi, which it accused of failing to provide promised loan payments for the project. Bank Leumi responded that Fortis had missed construction deadlines and petitioned the courts in December 2020 for a judgment to foreclose on financing attached to the project citing unpaid loans, court records show. A spokesperson for Bank Leumi declined to comment.

In April 2019, a year after the scheduled completion date, the project was only approximately two-thirds complete, with large portions of the building remaining open and exposed to the elements, Fortis said in court documents in response to Pizzarotti’s suit. Most of the contracts—at least 93 of the 99 contracts signed by buyers at the building—have been canceled, a lawyer from Bank Leumi said during a court hearing in February 2021 pertaining to the 2020 foreclosure case. Since May 2021, the project has been under the care of a receiver appointed by the Court to protect the property while the litigation proceeds, the Fortis spokesman said.

“Fortis is confident that it will prevail in these matters and, once they are resolved, complete the project,” he said.

Ms. Gerstman said her deposit has been repaid but she is fighting to have an additional \$300,000 she paid for upgrades to the kitchen and staircase returned. She worries that Fortis could file for bankruptcy at the project before she gets her money back, she said.



Fortis, the developer, said it intends to finish the One Seaport's construction.

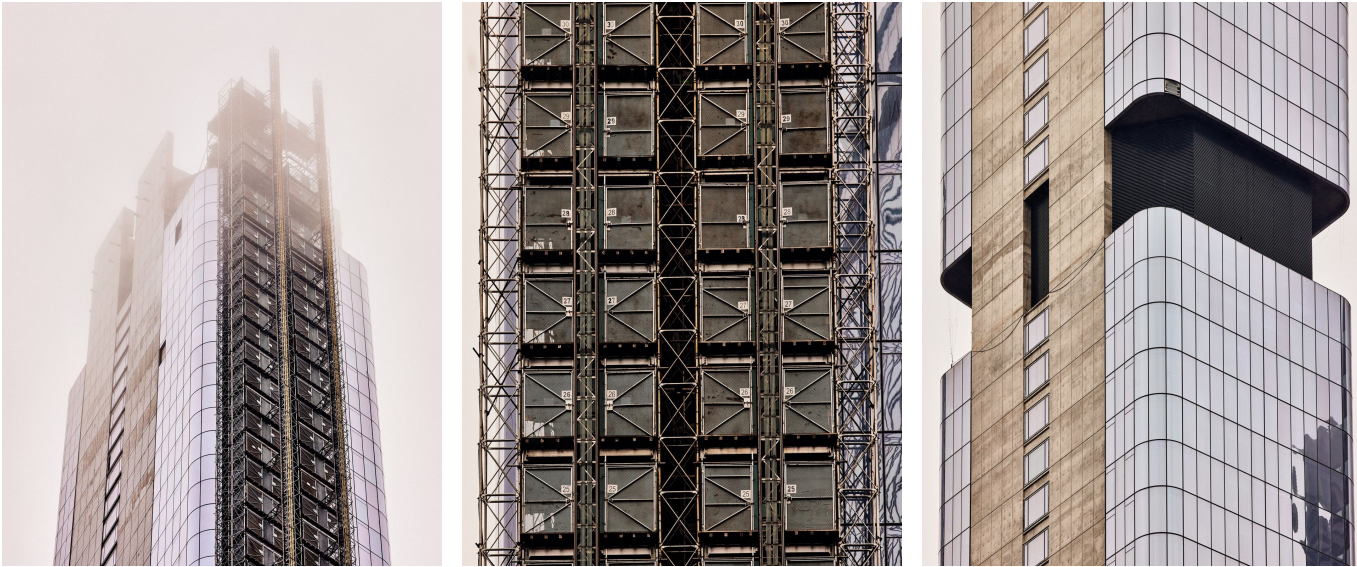
The Fortis spokesman said the company is engaged in mediation in an effort to resolve the dispute.

A spokesperson for the city's Department of Buildings said the building's construction permit has expired and the building is under stop work orders.

Donna Olshan, a luxury real-estate broker with New York-based Olshan Realty who is not involved in the project, said she doesn't think the project has much hope of luring buyers as long as there are concerns about leaning.

"This is going to be hard to overcome," she said. "No one wants to buy the leaning tower of Seaport."

125 Greenwich



The building was slated to have yacht-like interior finishes, but it remains a shell amid a foreclosure filing.

125 Greenwich

To walk past 125 Greenwich Street these days, one might be forgiven for thinking that the building is complete. Look a little closer and it is clear that the shiny glass facade of the 912-foot-tall skyscraper hides an empty, unfinished shell of an interior.

Launched in 2017, the building was designed as downtown's answer to 432 Park Avenue, the Billionaires' Row megatower, and even had the same architect Rafael Viñoly. The building, buyers were told in marketing materials, would have its amenity spaces on the top levels of the tower, including a lap pool, a sauna and a massage room, and 273 apartments below with designs inspired by the interiors of superyachts. When it launched in 2017, prices started at around \$1.2 million for studios, while three-bedroom units started at around \$4.63 million.

The original development team was a partnership between the company Bizzi & Partners Development, the Chinese firm Cindat and local players New Valley, the Carlton Group and Shvo, the New York real-estate company led by Israeli developer Michael Shvo. Shvo was bought out of its stake by the partners after Mr. Shvo was indicted on criminal tax fraud charges in 2016. He pleaded guilty to second- and third-degree criminal tax fraud in 2018 in New York State Supreme Court, and subsequently paid a fine.



Another lower Manhattan building, 125 Greenwich Street, also remains unfinished.



ILLUSTRATION: JASON LEE

From the early days of the project, there were clashes between Bizzi and Cindat, particularly over timing, according to a person familiar with the matter, and sales were slow. The partners were facing a deadline imposed by their lender, Singapore's United Overseas Bank, that required that at least \$100 million worth of apartments be sold within the first 15 months of sales, according to the foreclosure lawsuit filed by UOB in 2019 in New York State Supreme Court.

By December 2018, the sales agents at real-estate brokerage Douglas Elliman were requesting permission to slash sales prices to meet the deadline, according to court documents. That came amid a significant decline in activity in the Manhattan luxury market due to issues of oversupply, tax policy changes and a drop in international buyers as some countries imposed capital controls.

“[The construction] took a little bit longer than we expected and we sort of missed the window,” said Michael J. Campbell, chief executive of Carlton Group.



125 Greenwich was one in a string of new towers slated to bring Billionaires' Row-style architecture to lower Manhattan.

The sales push wasn't successful. In July 2019, United Overseas Bank filed to foreclose against the developers alleging that they had breached the terms of the deal and owed roughly \$200 million in unpaid loans. Fortress Investment Group has since purchased the debt and inherited the right to the foreclosure suit. A spokesman for Fortress declined to comment.

Mr. Campbell said he and his partners expect all their collective equity to be wiped out in a foreclosure. Meanwhile, the building sits empty. "It just needs a new parent," Mr. Campbell said.

45 Broad Street

In April 2017, developer Madison Equities, the firm behind 212 Fifth Avenue, a NoMad condo tower that drew buyers such as Jeff Bezos, hosted a groundbreaking ceremony for its latest project, a roughly 1,115-foot tower it said it was developing across from the New York Stock Exchange at 45 Broad Street. The project would be designed by architecture firm CetraRuddy for a developer group that also included Gemdale USA, the arm of a major Chinese development firm, and Pizzarotti, according to the invitation.

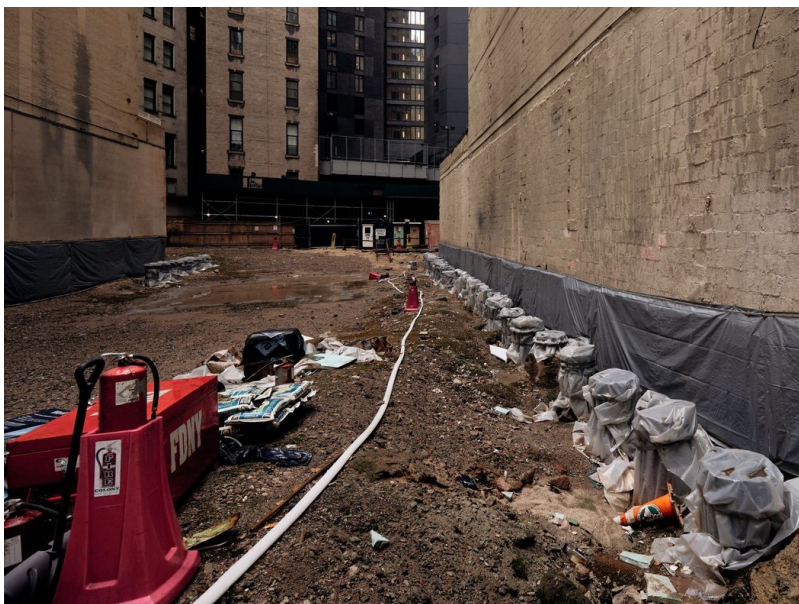


A site at 45 Broad Street near the New York Stock Exchange was supposed to be the home of a dramatic condo tower.

The building would be an unusual addition to the downtown skyline, with bronze aluminum cladding and a distinctive crown, renderings show. The partnership hadn't yet revealed the project's floor plans and pricing. At the ceremony, Madison Equities chief Robert Gladstone and his partners thrust shovels into the ground, marking the beginning of the construction, then celebrated with wine and hors d'oeuvres at the nearby steakhouse Bobby Van's.

Nearly five years later, the site lies vacant. Despite having broken ground, the developers never secured a timely construction loan to proceed with the tower.

Michael Daly, co-president of Gemdale USA, said the company paused the project before the Covid-19 pandemic, citing an oversupply of condominiums and wavering demand. Mr. Daly said Madison Equities and Pizzarotti have since exited the project, after Gemdale bought the partners out of their stakes in 2019, though he noted that Madison stayed on as a consultant for a time. Pizzarotti didn't respond to multiple requests for comment.



Developer Gemdale USA said it paused plans amid a market slowdown. It still plans to develop the site.

“It’s smarter to wait for the market to come back than to sit with a tower that’s open and empty for years,” Mr. Daly said. He said that the company is evaluating the supply-and-demand dynamics downtown and might look to tweak its unit mix to smaller units, but doesn’t have a definitive start date.

“We’re always confident that we’re going to build this building, eventually,” he said.

Meanwhile, Madison has recently faced several lawsuits, including one from its landlord and another from an architect vendor, over allegedly unpaid debts. Court records show the company’s landlord, A & R Real Estate, was granted a money judgment against the developer in July 2021 over roughly \$365,000 in unpaid rent at its 105 Madison Avenue offices. The company has since moved out of their offices, their lawyer confirmed, and a phone number listed on Madison Equities’ corporate website is out of service. Christopher E. Chang, a lawyer for Madison, said the company was having financial difficulties but wasn’t trying to shirk its responsibilities and was planning to pay its debts.

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