

## Recovery From Hurricane Sandy Prompts New Projects And Fresh Customers In New Jersey's Waterfront Cities

Fields Development's Jim Caulfield, at the Madox, says the response to Sandy has reassured customers about any future storm.

Two days after Superstorm Sandy slammed the New York region, the developer of the Madox, a new rental building in downtown Jersey City, was scheduled to have its final construction inspection.

Four feet of rainwater had flooded the building, and the owner, Fields Development Group, would later realize that ice makers in the apartments were leaking, warping hardwood floors. The building lost power for about a week and a half.

James Caulfield, a partner at Fields Development Group, remembers pushing back the inspection date by 45 days. The 12 renters who had already signed leases were thrown into disarray. Half would relocate to other buildings, and the other half would scrap their commitments in the wake of the storm.

Fields Development regrouped, discounting rents as much as 4%. The company spent around \$45,000 for a new generator to prevent another disaster.

But almost a year after the storm, the 122-unit Madox is more than 95% occupied.

Rents have climbed back up, with studios starting at \$1,700 and three-bedrooms going as high as \$4,900 per month.

Fields Development is now planning for the second phase of the Madox across the street, on a brownfield about to undergo an environmental cleanup. Fields is also at work on a 59-unit rental in northwest Hoboken.

Sandy inundated Jersey City and Hoboken as bad as anywhere. The surge crested at 6 feet, soaking thousands of properties.

But not long after the waters receded, real estate hunters began flooding back into Jersey's Gold Coast. The only thing rising now are home prices and rents.

“The way these cities have bounced back, it’s given customers we’ve seen assurances that we’ll be prepared for the next storm,” Caulfield said. “Anything that’s decently priced is moving.”

The market froze for about 30 days after the storm, but by the end of 2012, renters and buyers began clamoring to get into new apartments and homes.

They are washing up across the Hudson in part because of a surge in pricing in Manhattan and Brooklyn. With cheaper prices for bigger spaces, and easy access to the Big Apple on the PATH, this Jersey duo have proven quite appealing — even if both were underwater less than a year ago.

David Pollock, a broker at Liberty Realty in Hoboken, recalls apartment shoppers who wanted to move into new homes even before flood repairs were done.

“People were running in before they were even completed,” said Pollock. “We had to convince people not to move in, and they were upset with us.”

House hunters seem to be more worried about rival buyers than new storms and rising seas.

By February, bidding wars had returned, particularly for larger apartments. In the first half of the year, Hoboken saw 47% of 430 condos sold at or above asking price, and 39% of Jersey City’s condos sold for the asking price or more, according to Hudson Realty Group.

The economic advantages of crossing the river are straightforward: trading the cachet of New York for bigger, better, cheaper spaces — without sacrificing the urban environs, great restaurants and convenient bodegas that are absent in the suburbs.

The average Hoboken condo price was \$567,285, up 10.9% compared to the first half of 2012. Downtown Jersey City’s condo sales price rose even faster, 13.7% to \$525,109, over the same six months.

Those prices are still a fraction of Brooklyn’s average sales price of \$1.07 million and Manhattan’s \$1.79 million during the first half of the year.

Some sellers are so confident in the local market that they are skipping brokers altogether.

“I am seeing an increasing number of owners listing — and selling — their homes as for-sale-by-owner,” said Kathy Zucker, CEO of Hoboken’s Metro Moms Network, a parenting website and events company. She said many go to contract in less than a month.

Larger units have been especially in demand for growing families, said Zucker, who has lived in Hoboken for 11 years.

The rental market in Hudson County, which includes Hoboken and Jersey City, has also strengthened in the past year.

Average monthly asking rent was \$2,684 in the second quarter, up slightly from \$2,655, according to research firm Reis Inc. The county's vacancy rate fell from 4.9% to 4.6%.

**The majority of new construction is rentals. Broker Matthew Brown of Hudson Realty Group with Halstead Property expects some condo projects to be announced in the next year, but there will be a longer wait as buildings begin construction.**

**"Developers haven't really built anything new," Brown said. "That's part of the challenge right now. You don't see any relief in the short term."**

All this activity is remaking the street life along the Gold Coast — including a number of imports from Gotham.

Barcade, a Williamsburg bar known for its retro arcade games, now has a Jersey City outpost. Thirty Acres, a pasta and seafood restaurant owned by a former Momofuku chef, also opened last year to raves. There is even a Tribeca Pediatrics, the urban mom's favorite doctor's office.

There have been changes in Hoboken, too. The venerable Maxwell's has closed its concert space — the owners complained about all the yuppies moving in — although it is still operating as a restaurant.

In April, Albie and Chris Manzo, of "Real Housewives of New Jersey" fame, opened the waterfront restaurant Little Town NJ. They offer local Jersey oysters and farm-fresh produce.

Even with all this excitement, there are those who remain spooked by the storm.

"Some people are definitely very scared of it," said Pollock. "They won't go near anything that was affected at all."

Ground-floor or basement-level apartments have generally been the most difficult properties to move, say brokers. Such units can expect higher flood insurance premiums and will more likely be affected by regular flooding, to say nothing of future superstorms.

Hoboken's mayor is even talking about building a sea wall around the harbor to protect against the next "Big One."

But even out of tragedy comes opportunity.

Mark Dye and Elizabeth Ward lived in a ground-floor brownstone by Morris Canal Park in Jersey City, just a few blocks from the Madox, when Sandy hit. Their home was flooded with 4 feet of water, but they wanted to stay in the area, where they've lived for nine years.

The nearby PATH station provided a quick commute for Dye, who works at Con Edison in its Union Square headquarters, and Ward, who works at the Gap's regional office in Tribeca. The couple, who are engaged, had plenty of room for their two dogs.

"We have a lot of the benefits of being in Manhattan by just living here," said Dye.

They ended up renting an apartment on the third floor of the Madox. It was high enough so they would be safe from another flood, but not so high to be inconvenient in another emergency.

"If the power does go off in a week, we can go up and down the stairs relatively painlessly," said Dye, who will never live on a ground floor in the area again.

For now, the region appears to have pushed Sandy to the back of its mind, and developers continue to build.

"People's memories are short," said Kevin Dowd, a broker with Hoboken's Prudential Castle Point Realty. "New projects are selling out in a matter of days."

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