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After struggle, Soho Mews nears milestone

Luxury condo project's developer near to achieving rare feat of paying off construction loan; success comes after price cuts and legal victories over balky buyers.

The developer of luxury condominium Soho Mews said it is close to paying off its \$129 million construction loan a few months before the loan matures—a rare feat in this economic environment.

When the sales of two apartments close next month for a total of roughly \$4 million, United American Land will pay back its loan to PB Capital Corp., said Albert Laboz, who runs United American Land with his two brothers. The payment represents a major victory for the 68-unit luxury project, which has had its struggles throughout the recession. The developer even had to slash prices on its units. The seven-story building, located on West Broadway, between Grand and Canal streets, is currently 70% sold.

"It's a successful project, given the adversity faced by the entire market," Mr. Laboz said. "Once we finish paying off the construction loan, we will start recouping our equity."

Peter Hannigan, a managing director at PB Capital, confirmed that the developer is about to pay off its loan. "Quality developments are able to weather and thrive in economically challenging times," Mr. Hannigan said, in a statement.

Five years ago, United American Land bought the then-vacant site across the street from the Soho Grand Hotel for \$35 million. After getting needed zoning changes, the developer began construction in April 2006.

Sales at Soho Mews, designed by Gwathmey Siegel & Associates Architects, began in July 2007, right before the subprime debacle hit full force. In addition to the market collapse, the developer also had to cope with seven buyers filing complaints with the state attorney general to rescind their contracts. United American ultimately prevailed in the case. The buyers had to forfeit their deposits before walking away.



To pump up sales, the company last year slashed apartment prices by 12% to 15%. According to StreetEasy.com, two-bedroom apartments are going for \$2.3 million, while a four-bedroom units cost nearly \$10 million. Celebrities such as rocker Joan Jett have eyed several of Soho Mews units in recent months. Last month, hotelier Vikram Chatwal bought a two-story, 3,855 square-foot unit for \$5.4 million, according to *The New York Times*.

"The developer cut prices and hit targets," said Richard Martin, a senior vice president of DE Capital Mortgage who is not linked to the project. "In this tough economy, this is uncommon and somewhat unusual, but good for him."