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## \$750M Manhattan House loan extended

Move comes as sales in one of the city's largest-ever condo conversions pick up markedly; block-long complex was once the home of Grace Kelly.

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O'Connor Capital Partners, the developer that has been converting the landmark Upper East Side complex Manhattan House into luxury condominiums, recently got an extension for its \$750 million construction loan for the project.

The loan, which was provided by Germany-based HSH Nordbank, will now mature in December 2013. The loan was originally scheduled to expire in the fall of 2011. The developer said that it had already paid down "a couple hundred million dollars of the loan" using cash from apartment sales at the East 66th Street complex. Three years ago, O'Connor began the \$1.1 billion conversion—one of the most expensive in city history—of the 1950s-era complex that Grace Kelly once called home, and Jackie Robinson's widow still does.

"This important loan modification provides us with ample financial flexibility and duration to see through to a successful completion of the renovation and sale of the remaining units at Manhattan House," said Brian Fallon, a partner at O'Connor Capital Partners. "Now we have three and half more years to do our job. Things are going well at Manhattan House."

The developer has completed physical and landscape improvements to the block-long, white-brick property with 575 units. It also added amenities, which include the rooftop Exhale spa and yoga studio and fitness club.

Sales at the Manhattan House have also been brisk. The developer credits much of that success to Corcoran Sunshine Marketing Group, which took over sales from Prudential Douglas Elliman early last year. During the second quarter, 20 apartments went into contract for a total of \$50 million in potential sales. A total of roughly 137 apartments have sold or are in contract to date, according to Mr. Fallon. According to the Manhattan House website, a one-bedroom apartment is selling for \$995,000 and a three-bedroom is going for \$3.25 million.

O'Connor has also decided to convert units before selling them so that buyers can purchase finished units instead of making the decision based on a floor plan. The company has also introduced larger apartments—three-bedroom and up—in response to demand. About one-third of the transactions in the second quarter were for apartments of that size, according to Mr. Fallon. O'Connor also hired well-known interior designers James Huniford and Celerie Kemble to craft two of the apartments as part of its "The Modern Collection."

"We are at a point now where we refresh inventory at regular basis," he said.

It hasn't always been an easy road for the complex. Prior to last year, O'Connor dealt with lawsuits and skirmishes with rental tenants that have claimed that the developer had tried to push them out the door.

The one pending lawsuit, involving 22 market-rate tenants, is still awaiting a state appellate court decision, according to the tenants' attorney, Adam Leitman Bailey. Rent-regulated tenants have a pending major capital improvement claim at the city Division of Housing & Community Renewal, Mr. Bailey added. "Otherwise rent regulated tenants are happy," he said.



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