

What a building costs

A developer describes the breakdown from studs to fixtures

By LAUREN ELKIES

Building in New York City hasn't gotten cheaper and with buyers expecting an increasing amount of amenities and high-quality finishes, cutting condo sales prices is nearly impossible.

Developers generally do not want to raise the curtain on their budgets, but HJ Development provided *The Real Deal* with a detailed projected budget for its condo conversion of a rental building at 211 East 51st Street, nearly finished as of the middle of last month.

The cost to renovate the 76,500-square-foot building (purchased on May 4, 2007) is roughly \$76 million: \$46 million for acquisition, \$16 million for hard costs including material and labor, and \$14 million for soft costs including financing, brokerage and professional fees.

Total cost for an average 856-square-foot one-bedroom apartment (photos are of an 868-square-foot unit): \$1,041,096. Average home asking price: \$1.1 million. Profit: \$58,904 or 5.7 percent.

That is a low rate of return, but developer Henry Justin said he still expects to earn his usual 10 to 15 percent profit, still relatively low, on the whole project by factoring in the

commercial units. Asking prices for the commercial units are \$2.7 million for one (under contract) and \$2.8 million for each of the other two.

The 14-story building has 73 residential units, three commercial condos and 34 storage spaces. The apartments run from 505 square feet to 2,405 square feet with one to three bedrooms, eight units with terraces. The storage units, to be sold on a first-come, first-serve basis, cost around \$19,950 each. As of mid-May, 11 units were under contract and closings are slated to begin next month.

One thing was apparent from the line-by-line budget: developers have to allot funds for even the smallest things such as robe hooks (\$200 each). And the developer said he prefers to use high-end materials and fixtures.

"This will show you why prices can't drop 10 or 20 percent," Justin said.

He is able to cut costs, however, when it comes to construction since he is the developer and the general contractor.

But, a budget is not set in stone.

"I've never met a project where you don't exceed a budget," Justin said, and by press time 211 East 51st Street had increased to \$76,227,000 from \$74,226,500. **TRD**



The price of (nearly) everything

The following is a breakdown of the costs for finishes and fixtures in a sample apartment, 4D, a 505-square-foot, one-bedroom condo, with an asking price of \$650,000, in HJ Development's 211 East 51st Street. The costs, provided to *The Real Deal* by the developer, include the price of the items, but not the labor involved or shared building costs. Many items can be found in all units, regardless of size. (The pictures displayed are actually of a standard 868-square-foot apartment.)

Bathroom

Vanity: Polished chrome with white polished three-quarter inch Bianco Dolomiti marble counter and custom-made medicine cabinet, \$4,000

Shower curb: Bianco Dolomiti marble slab, \$450

Accent wall tile: Five-by-three inch Fireclay ceramic tile, \$2,000

Wall tile: White crackle ceramic tile, \$1,600

Sink faucet and lever handles: Kohler Stillness in polished chrome, \$280

Bath shower handle: Kohler Stillness, \$145

Lavatory sink: Kohler Kathryn undercounter, \$350

Showerhead: Kohler rain in polished chrome, \$400

Toilet: Toto, \$330

Stone mosaic tile floor: Polished Bianco Dolomiti marble, \$1,300

Toilet paper holder: Vola in polished chrome, \$175

Robe hook: Vola in polished chrome, \$200

Shower enclosure with towel bar: Frameless glass door with polished chrome towel bar, \$3,000

Subtotal: \$14,230



HOW THE NUMBERS PENCIL OUT

Kitchen

Microwave and ventilator: Bosch over-the-range room stainless steel combination microwave and venting, \$550

Backsplash: Stainless steel metal tile, \$1,000

Floor tile: Honed cypress limestone, \$1,200

Sink: Franke undermount stainless steel, \$950

Faucet: KWC chrome Orcino with long lever and pull-out spray, \$450

Refrigerator: Northland stainless steel top mount freezer in stainless steel, \$4,200

Cook top: Bosch stainless steel four-burner gas cooktop, \$900

Dishwasher: Bosch Integra 800 series, \$1,100

Oven: Bosch stainless steel electric wall oven, \$1,900

Countertop: Honed Calacatta gold marble, \$1,500

Cabinets: Custom-made including \$45 individual cabinet pulls, \$13,000

Subtotal: \$26,750

General

Windows: Wausau oversized double-glazed casement windows, \$10,000

Hardware: Baldwin and Ives in antique brass/antique nickel/polished chrome, \$1,300

Doors: Solid hardwood doors, \$2,200

Light fixtures: In the kitchen, custom polished chrome lighting; in the bath, custom polished chrome, medicine cabinet with integrated lighting; \$3,500

HVAC: Two individual climate-controlled heat and air conditioning units, \$450 and \$700

Flooring: Four-inch-wide solid white oak plank floors, \$3,250

Subtotal: \$21,400

Grand total: \$62,380



The whole building's budget, from top to bottom

Below is the projected budget for HJ Development's 211 East 51st Street, a 76,500-square-foot conversion with 73 residential condo units, three commercial condo units and 34 storage spaces:

Hard costs

General conditions: payroll, etc., \$1.2 million

Masonry: exterior, exterior cleaning and terrace pavers, \$600,000

Structural steel: building extensions, \$125,000

Exterior railings and stairs: \$300,000

Concrete: building extension, \$40,000

Roofing: installed new Johns Manville roof, \$200,000

Lighting: unit interior, corridors, lobby, terraces, \$210,000

Insulation: \$150,000

Rough carpentry: Sheetrock, studs, etc., \$600,000

Finish carpentry: custom wood moldings, etc., \$485,000

Kitchen cabinets: handcrafted rift-cut white oak with lacquer finish, \$950,000

Doors and hardware: solid hardwood doors with Baldwin hardware, \$750,000

Windows and terrace doors: oversized Wausau double-glazed casement windows, \$800,000

Stone: Bizzaza mosaic, Bianco Dolomiti, etc., \$1.3 million

Wood flooring: solid white oak four-inch plank floor in ebony or light finish, \$750,000

Carpeting and wall covering: Bentley print for street corridor and Innovations wall covering in corridors, \$125,000

Painting and taping: \$800,000

Bath vanities and fixtures: \$150,000

Toilet and bath accessories: \$275,000

Medicine cabinets: handcrafted polished chrome with integrated lights, \$125,000

Kitchen appliances: Northland refrigerators, Bosch stovetop, oven, dishwasher and microwave, \$700,000

Kitchen fixtures: custom polished chrome lighting and hardware, \$175,000

Two elevators: modernization of system, new cabs with stainless steel and wire mesh interiors, new call buttons with dark bronze finish, \$510,000

Plumbing: \$800,000

HVAC: individual climate controlled air conditioning and heat units, \$600,000

Building electrical and intercom phone entry system: \$1.25 million

Resident's lounge and fitness area: \$200,000

Lobby allowance: reception, furniture, lighting, stone and security, \$400,000

Subtotal: \$14,570,000

Contingency (10 percent of hard costs): \$1,457,000

Total hard costs: \$16,027,000

Soft costs

Professional fees: attorney, architect, engineering, interior designer, etc., \$1.2 million

Sales, marketing, brokerage: commission, advertising, brochures, models with furnishings, etc.: \$4.5 million

Miscellaneous: real estate taxes, insurance, operating expenses, permits, filing fees, etc., \$1.5 million

Financing costs: acquisition and construction loan interest, \$7 million (HJ Development is financing \$39 million)

Total soft costs: \$14.2 million

Total hard and soft costs: \$30,227,000

Acquisition: \$46 million

Grand total: \$76,227,000

Source: HJ Development
All charts compiled by Lauren Elkie