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W. 21st St. building site up for grabs again

Less than a year after a buyer snapped up a loan on the property in an unsuccessful attempt to seize control, the site hits the market with an asking price of $17.5 million.

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The wheeling and dealing on West 21st Street continues at a frenetic pace. In recent months, the Albanese Organization purchased a warehouse there which it plans to tear down and replace with an office tower once it finds a tenant. Additionally, real estate investment trust UDR, which has been on a purchasing tear in Manhattan, bought an apartment house on the street last year.

But perhaps no spot on the strip has seen as much interest as 117-119 W. 21 St., presently home to an empty four-story gallery. Eastern Consolidated was just retained to sell the site between Sixth and Seventh avenues less than a year after an investor bought a loan on the building with hopes of foreclosing on it. Instead, the owner threw it into bankruptcy. Now, any sale must be approved by the bankruptcy court. Brokers doubt that will deter buyers.

“This is a great neighborhood,” said David Schectman, a principal at the firm who is working with his colleague Alan Miller to sell the site. He added that it can be turned into a hotel, retail property or gallery. “It's got great potential.”

The asking price is $17.5 million. Bids are due in May. Last June, Bluestone Group bought a discounted loan with a face value of $5.5 million on the distressed property and then moved to foreclose. However, the owners of the building, which sources say includes the French artist Berner Venet, put the building into bankruptcy, halting the foreclosure process. Eli Tabak, a partner at the Bluestone Group, said the company was planning to proceed with the litigation. He declined to say what he paid of the loan.

Mr. Schetman said the proceeds from the transaction would be enough to pay off any debts.

The site is being marketed as demand for development sites below Harlem have skyrocketed during the past two years. The rise comes amid growing optimism about long-term prospects for the city's economy, its booming tourism industry, its strengthening residential markets and an increasing willingness among lenders to selectively loosen their purse strings.

The number of sites over 10,000 square feet sold in Manhattan quintupled from a post-crash low point in 2009 to 51 last year, according to Massey Knakal Realty Services. Meanwhile, sales in the city—excluding Staten Island—more than doubled, to 142, over the same period, while the average price per square foot surged 38%, to $173.22.

Yet beneath that broad rise, the market remains very spotty. In Manhattan, for example, the total number of sales is still far below the 75 to 80 in a typical year, while the average price slipped 17%, to $311.22 a square foot, over the past two years.