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Aboveground rumblings as subway project starts rolling

Long sought, Second Avenue subway line will cause short-term pain and long-term gain for real estate

By Jeremy Smerd

The Second Avenue subway has long been called the greatest transportation project that's never been built.

The passage of the transportation bond act in November, however, which included \$450 million for the subway line's first phase, means that enough state and federal funding has been secured to make that dream a reality, and perhaps, then, reshape the real estate above its planned route.

Construction of the \$3.8 billion first phase of the subway line - which will run from 105th to 63rd streets and be completed in 2011 - is expected to begin sometime this year.

The new subway will mean a long-term boom in real estate prices for properties east of Second Avenue, real estate and transportation experts say. But it will come at the expense of short-term pain for owners whose properties will be affected during the construction phase, as well as the properties that will be partially acquired by the MTA through the use of eminent domain.

Then, too, there may be a toll on the businesses on Second Avenue, not all of which will survive the effects of five years of construction on customer traffic.

Historically, mass transit projects have improved property values in the communities served by public transportation, according to the American Public Transportation Association, an industry group.

This will no doubt be true for the Upper East Side, an area that has the highest density residential zoning in the city and the most crowded subway line running along Lexington Avenue. That line carries 1.3 million riders each weekday - more than the combined ridership of San Francisco, Chicago, and Boston's transit systems, according to the Metropolitan Transportation Authority. The Second Avenue subway will relieve congestion, making the Upper East Side, in general, a neighborhood better served by public transportation.

The first phase of the new subway, which will extend the Q line northward, will immediately reduce crowding on the Lexington Avenue line by nearly half and make the walk to the subway less than 10 minutes on average for anyone east of Second Avenue. The result could be a 20 percent to 25 percent jump in value for those properties, according to research by the transportation association, a number that conforms to the practical experience of real estate brokers.

"People are always willing to spend more the closer they are to transportation because of the convenience," said Gordon Golub, the manager of the Upper East Side office of Citi Habitats.

Consider the difference between a one-bedroom apartment in the East 70s between Lexington and Third avenues (renting around \$3,400 a month) and the same-sized apartment between First and York Avenues (which rents for about \$2,800 a month), an indication of the impact the subway line could have on property values.

For sellers, that difference amounts to about \$100 a square foot, increasing the closer you get to Central Park.

Golub said he has seen fewer apartments and buildings east of Third Avenue for sale recently, which he attributes to anticipation of the Second Avenue subway.

It's possible that buyers and sellers of entire buildings, too, are factoring in the arrival of the Second Avenue subway. River East, a building at 92nd Street and First Avenue, for example, has changed hands three times in the last 24 months, a sign that interest in East Side properties may be piqued.

"It would make me believe that whoever is the most recent owner would certainly be considering the value of the building based upon how close it is or will be to transportation," Golub said.

Of course, while long-term real estate values may increase, there will be short-term pain for those properties along Second Avenue. Residents are doing everything they can to mitigate the inevitable disruption that will occur, including a task force created by Community Board 8 that is made up of elected officials and residents who plan on working closely with the MTA during construction.

Residents might have reason to worry, based on past attempts to build the Second Avenue subway. In the early 1970s, the MTA began boring tunnels between 120th and 110th streets and 105th and 99th streets for the subway. The project was abandoned during the city's fiscal crisis.

By the 1980s, with the subway system in disrepair, all expansion projects were put on hold. The tunnels were eventually covered over with asphalt, but, as the MTA's Final Environmental Impact Statement published in May 2004 states, buildings nearby suffered foundational damage. Residents, like State Assemblyman Alexander B. "Pete" Grannis, simply recall the inconvenience of having an open construction site.

"It was extraordinarily disruptive, especially to the small shops that lined Second Avenue that, in many cases, never recovered," he said.



Proposed Second Avenue subway line, which includes extending the Q line northward.

Technology has eased some engineering concerns. The MTA will use mining drills to bore through subterranean rock, instead of the old "cut and cover" technique.

Still, for many of those living or working above future stations - which will mirror those on the Lexington Avenue line - and ventilation shafts, the short-term inconvenience outweighs the potential long-term gain.

Though nothing has been finalized, including when and where construction will begin, and which buildings will be affected, a spokesman for the MTA, Tom Kelly, said the authority has cited parts of buildings along Second Avenue that it is seeking to gain rights to. Residents of one of the buildings, a co-op at 301 East 69th Street, have been vociferous in their opposition. Co-op members were not available for comment, but Assembly member Grannis said the community intends "to be involved" in the building process.

But, like virtually every other project that is fought by the community "the worst case predictions don't actually materialize," he said. "Once it's completed and the passion of the battle is past, there will be no long-term negative effects, and the subway will have a substantial positive effect on property values along this corridor."

Transportation experts are confident that building the first phase will ensure the construction of the remainder of the line, which will run 8.5 miles from Lower Manhattan to 125th Street in East Harlem and cost about \$16 billion to complete. For property owners, residents, and businesses, the first phase, for better or for worse, will be a taste of what's to come.

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