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Condo Developers Bet Jersey City Will Be the Next Brooklyn

Brokers and analysts say the return of condominium development reflects new market forces

By Josh Barbanel July 12, 2017

Nine years after the last condominium craze faded away in Jersey City, N.J., condos are finally staging a comeback.

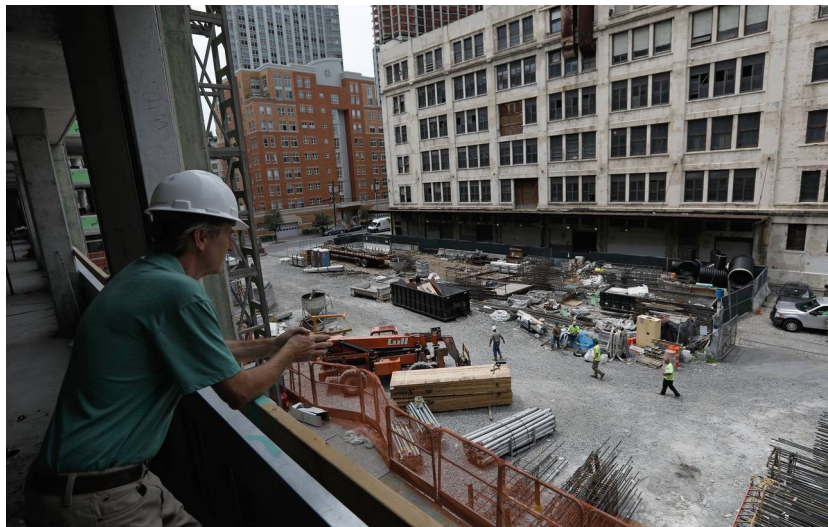
Two new tall condo projects are launching sales this week in Jersey City, with more than 670 apartments in a variety of styles, finishes and prices.

10 Provost Street at Provost Square is a 28-story tower rising on a new cobblestone public square. Park and Shore is a two-building development including a 38-story tower near the waterfront in the Newport Center neighborhood.

“The demand for high-quality condos in Jersey City is strong,” said Henry L. Waller, vice president of Toll Brothers City Living, which is developing 10 Provost in Jersey City’s Powerhouse Arts District.

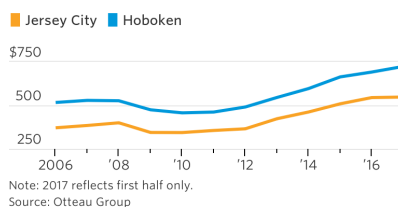
“We have created a development that will represent the pinnacle of quality residential development in Jersey City,” said Ning Yuan, president of China Construction America, which is developing Park and Shore through its investment arm, Strategic Capital. China Construction America is a subsidiary of China State Construction Engineering Corp. Ltd., one of the world’s largest investment and construction groups.

Even before the formal launch of a showroom this week, the building was showcased for buyers in China. Well over 20% of the apartments are in contract, according to Phillip Gesue, chief development officer of Strategic Capital.



Site manager John Mandeville looks down at what will be the plaza for 10 Provost Street at Provost Square on July 11. PHOTO: PETER FOLEY FOR THE WALL STREET JOURNAL

Average condo price per square foot in Jersey City and Hoboken



When the condominium market collapsed in the wake of the financial crisis in 2008, it left Jersey City with a large excess of unsold apartments that took years to work through.

Thousands of apartments have since been added in Jersey City in tall apartment towers dotting the skyline across from lower Manhattan, but nearly all were rentals. In addition, developers have more than 8,000 rental

units in the pipeline.

Brokers and analysts said the return of condo development reflects new market forces in a revitalized Jersey City, driven by high demand and rising prices. In Jersey City there is a 2.2-month supply of condominiums at the current sales pace, and in neighboring Hoboken there is a 1.7-month supply.

“Jersey City has arrived as the seventh borough, behind the other five and Hoboken,” said Jeffrey Otteau, an appraiser and president of Otteau Group Inc. “It is now an appendage of Manhattan, and is experiencing a Brooklyn-like trend on the west side of the river.”

As Jersey City’s population soared—rising about 10% since the 2000 census—



A rendering of the Park and Shore development in Jersey City. PHOTO: STRATEGIC CAPITAL

the new renters, including many with a hankering to buy, have helped create a condo market.

“All of the rental buildings have helped because rents are high,” said Diana Sutherlin, principal of the Sutherlin Group at Keller Williams City Life Realty, who has marketed many condo buildings. “You have renters who are future buyers, and you have thousands more renters coming in.”

The first of a new wave of condos arrived last year with the opening of the Oakman, a 14-story, industrial style condo building with 159 apartments, a block from 10 Provost Street.

Ms. Sutherlin is now overseeing marketing of the long-delayed second phase of a condo development known as Gull’s Cove in Paulus Hook in Jersey City. The first phase opened in 2008, but construction of the second phase with 107 units stalled before it was restarted last year.

Overall condo prices in Jersey City are far above 2008 levels, though they still lag behind those of Hoboken next door. A condo in Jersey City sold for an average of \$548 per square foot during the first half of 2017, or roughly \$438,000 for an 800 square-foot one-bedroom apartment.

The condo at 10 Provost Street is the second stage of a planned three-building complex, including a 550-seat theater to be built behind the facade of an old warehouse.

Mr. Waller said the first building, known as The Morgan at Provost Square, opened with 417 rental units in 2015, when Toll Brothers and other developers were only doing rentals.

At one point, 10 Provost was going to be part rental and part condo, but with “so much pent-up demand,” the developers switched back to all condos, he said.

Prices for the 242 apartments range from well under \$500,000 to more than

\$1.3 million. Amenities include an outdoor pool and a top-floor lounge with harbor views.

Park and Shore consists of two buildings with shared amenities. One, known as 75 Park Lane, is a modern 37-story glass tower with 358 apartments. The second, known as Shore House, is a seven-story building with 71 apartments in a loft-style building.

Park and Shore, next to a new city park and close to the water, will offer high-end finishes, including stone counters and bathrooms, comparable to those at luxury condominiums in Manhattan, said Mr. Gesue.

The project includes an indoor 75-foot pool with large windows, and a teak-lined spa with steam rooms, saunas, a yoga studio and gym. Prices for one-bedroom condos at both buildings start at \$640,000. Two-bedroom units start at \$1.95 million, and three-bedroom units start at \$2.2 million.