

# 166 MONTAGUE: THE HEIGHT OF CHANGE IN BROOKLYN HEIGHTS

July 01, 2007 12:00AM

*By Rachel Deahl*

When word of plans to convert Brooklyn Heights' old Franklin Trust building into luxury condos began to spread, residents and brokers who handle the tony neighborhood wondered whether it was the start of a high-rise transformation for the staid and lovely low-rise district.

Because the Heights is filled with charming brownstones, the conversion of the former office space at 166 Montague into a 24-unit condominium drew concern that it would clash with the neighborhood's character and herald more development.



The interior of 166 Montague Street is being converted to luxury condos.

But the building's landmark status, a lack of buildable space and few properties ripe for conversion has allayed some of those worries, the developer and brokers said.

Erik Serras, a broker with Pari Passu Realty who specializes in Brooklyn Heights properties, said residents are skittish about the prospect of more new construction in the area, which is also home to One Brooklyn Bridge Park, one of the biggest residential development in the borough.

He said the 166 Montague conversion has raised some eyebrows, since the building stands over 50 feet -- the Brooklyn Heights Historic District's limit on residential development for the area.

"Community groups are worried that the conversion would mean an automatic challenge to the limit and an unprecedented opening of Pandora's box," Serras said.

David Kastner, general counsel for United Management, which owns 166 Montague and is doing the conversion, said those fears won't become a reality because it's a landmark building.

Kastner said the price range has yet to be decided and that the building will include one-, two- and three-bedrooms. Kastner gave an estimated completion date for first quarter of next year.

United Management can not alter the exterior of the building, which was erected in 1891. It has to "work within the envelope" of the existing 10-story, 130-foot-tall structure, Kastner said. He added that everything from the layout of the individual apartments to the type of elevator being installed is dictated by the need to work within the given design.

The preservation of the exterior should reassure locals, said Christopher Moss, founder and CEO of the brokerage firm Moss Real Estate Group. He thinks there's an advantage to office conversions like 166 Montague. Developers that don't displace residents will find working in the area easier. "Strong Brooklyn neighborhoods have been known to fight about [things like that]," he said.

Moss added that he thinks development in the Heights will happen as soon as space becomes available. "I think deals will continue to come as quickly as developers can muster, given the strong constraints to which the area is subject," he said, adding that there "surely is no lack of demand."

Vince Nicoletta, a co-owner of Pari Passu Realty, who also owns a building in Brooklyn Heights, thinks the limited availability of luxury units in the neighborhood could help 166 Montague succeed. He said buyers will jump at its luxury amenities: a roof deck, state-of-the-art health club and views of Manhattan.

The one-bedrooms in the building will have an average size of approximately 800 square feet; the two-bedrooms will average about 1,250 square feet; and both the two-bedrooms convertible to three-bedrooms and three-bedroom apartments will average 1,600 square feet.

Nicoletta said there's little inventory to work with in Brooklyn Heights, making it a major challenge to strike deals for new construction. "There are very few vacant lots to turn into condos," he said. "Brooklyn Heights isn't like Dumbo or Tribeca, where you have large office and industrial buildings that have been converted into residential."

Zsolt Bene, a sales associate with Anchor Associates, echoed Nicoletta's comments, saying that if there was room, more condos would be springing up.

The Montague Street project is not the only deal bringing luxury condos to the Heights. The 360 Furman Street development, also known as One Brooklyn Bridge Park, as reported earlier in *The Real Deal*, is turning a former Jehovah's Witnesses' building on the waterfront into 449 apartments. Units range from 588-square-foot studios to 2,360-square-foot four-bedrooms. Townhouses with two to five bedrooms run from 1,700 to 4,000 square feet, and three- and four-bedroom penthouses span 2,500 to 4,640 square feet. The residences, which will have 13-foot ceilings, are being converted by RAL Companies & Affiliates.

Units began selling in May. Prices average about \$1,000 a square foot, starting from \$500,000 for a 588-square-foot studio. The highest-priced penthouse, with panoramic views, is listed for \$7 million.

Next to the residential development is Brooklyn Bridge Park, slated to be finished by 2012 and considered the most significant parkland addition to the borough since the completion of Prospect Park in the 1870s. Bene thinks it will "dramatically increase the value of real estate in the area."