

Projects With a Story



The view from a terraced master bedroom at The Lindley in Murray Hill

An Interview with Scott Shnay, Principal, CBSK Ironstate

EDITORS' NOTE Scott Shnay has more than a decade of experience acquiring sites and developing projects throughout the New York metropolitan area. He has been responsible for over one million square feet of development valued at over \$1 billion. He graduated with a B.A. in public policy (urban planning/history of architecture) from Trinity College in 2001.



Scott Shnay

COMPANY BRIEF CBSK Ironstate is the partnership behind successful luxury residential projects such as Reade Chambers in Tribeca, 301 East 50th Street in Midtown and The Jefferson in the East Village. The company just opened its most current project, The Lindley – Murray Hill's new 20-story, full-service condominium building that emphasizes smart design, thoughtful planning and sensible living. CBSK Ironstate is a real estate development joint venture of CB Developers, SK Development, and Ironstate Development. CBSK Ironstate has over \$500 million of projects in development including 363 Lafayette Street; The Frontier, a rental complex in Murray Hill; and The Pod Brooklyn, a hotel in the heart of Williamsburg. CBSK also recently announced plans for a \$251 million luxury condo project in Hell's Kitchen, with more sites in pre-development.

How did the partnership between CB Developers and SK Development come together?

My father, Abe, and Charlie Blaichman have been partners since 1999. They started with the Dance Theater Workshop on West 19th Street and, after the downturn, Charlie met the principals from Ironstate, Michael and David Barry. They looked at a few projects together and then we received a contract to purchase the site for The Jefferson at 211 East 13th Street. We were working on it with Charlie and decided to bring more partners in, so Charlie approached David and Michael and we decided to move forward.

We have subsequently done 15 projects of various types together. It's one of those partnerships where I wish I could say what everyone's roles are, but we just work really well together and our roles are very fluid. We all have a similar outlook on projects. We are all reasonable and logical, none of us are overly greedy, which is a big component where, in general, we try to

keep taking steps forward, and it has worked out great.

Is there a specific project focus for CBSK Ironstate?

It's pretty broad. Right now, we're doing everything from a 260,000 square foot condo project in Hell's Kitchen to a 40-room boutique hotel in Kingston, New York.

It's a broad market for us. Fifty to sixty percent of our projects have probably been condo projects in Manhattan, but we've done the Pod Hotel, an office building in NoHo, as well as three rental projects. We've spread across all different types of assets.

With your condo projects, how have you been able to develop buildings that are reasonably priced while offering such high quality?

We have been somewhat conservative in our land purchases, so we usually go into a project on a favorable basis compared to the rest of the market. We've also been building many projects using the same general contractor and sub-contractors which helps keep our construction pricing pretty tight. This has worked in our favor in that we have been able to hold construction pricing around 10 percent below market.

Is brand awareness for the CBSK Ironstate name important or is the focus on the branding of each project?

It's starting to matter a bit – people now recognize the partnership and the projects we've done across the spectrum. In general, they recognize some of the higher end projects a bit more, like 363 Lafayette, which is a high-end boutique office building Downtown.

The projects we've done also stand on their own. Each project has a story, be it location or unit mix or the architect – we work hard on our marketing and messaging in the market because there is a lot of product. We have to differentiate ourselves in some manner, be it through pricing, location, etc.; something has to set us apart. If the CBSK Ironstate component plays into that, we plug that in.

Will you highlight the upcoming opening of The Lindley?

This is the third project we have done on this corner of Third Avenue in Murray Hill. We have done two rental buildings and now The Lindley, which is a condo project.

We've seen a lot of development in this area in the past five years and people realize it's accessible. It started with the Pod Hotel opening on 39th between Lexington Avenue and Third Avenue; we then did two rental buildings and the Fisher Brothers did a large project here as well.

Being in this Midtown East location, one can easily get Uptown and Downtown, as well as out of the city, very quickly. It's a location play.

Another important element is that this is also one of the last projects under the 421 tax abatement, so for young professionals or empty nesters, we have been able to keep the carrying costs low as a result of the abatement.

Are the boroughs a continuing focus for you?

Yes. We like the boroughs – there is a lot less supply there. We're starting to look further out, although we're being conscious in the event that there is a pullback in the market.

We're looking at some projects near Prospect Park and in Queens, as well as something in the Bronx, although the land pricing there has pushed us past our comfort zone.

What interested you in the Hudson Valley opportunity?

Charlie has had a house there in Woodstock for 20 years. The hotel project in Kingston is interesting in that it's 40 rooms scattered among four little buildings around a central plaza area.

We wanted to do something different there. My dad and I have fun with these types of hospitality projects.

Do you have concerns about sustainability of the real estate market in New York City?

I don't see any immediate issues, although there needs to be some absorption of the current supply. Our business model over the past 10 years has been to try to stay in the affordable luxury market. Many people have followed that play and there is a lot of supply in that market from the Upper East Side to the Financial District.

We may go back to our older model where we find smaller projects in A-plus locations, even if we need to pay more for the land. The absorption will be faster in an A-plus location as we're pulling away from product that we have to sit on. There are over 200 developments in Manhattan on the market now with \$30 billion in product, so we have to continue to differentiate ourselves within the market. ●