

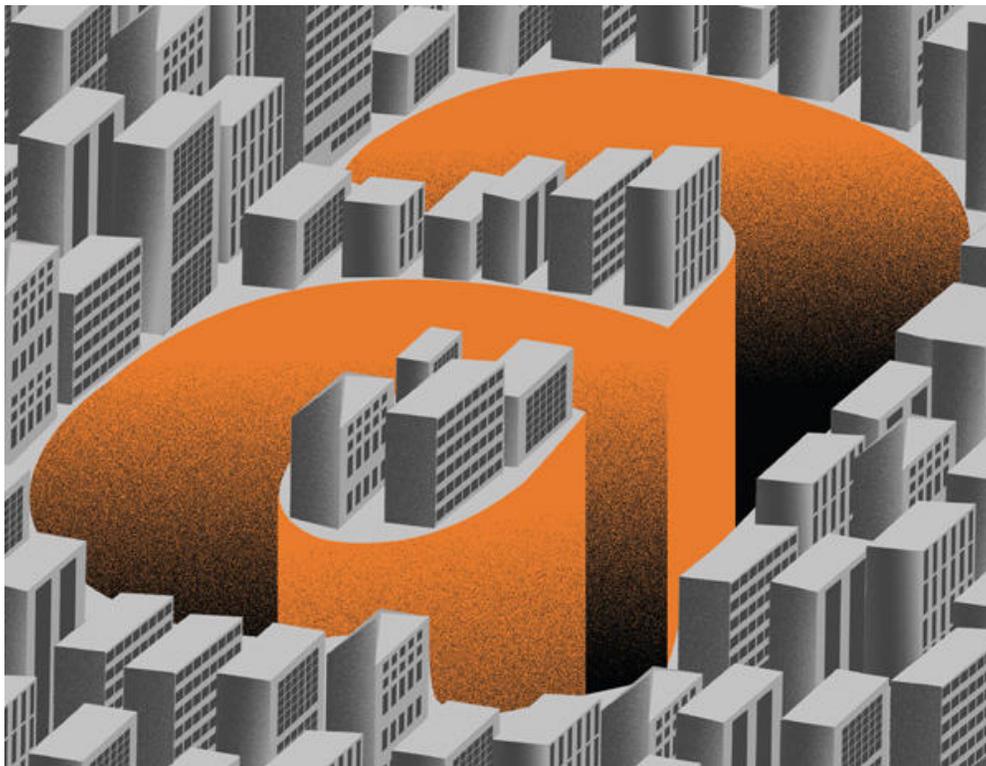
# THE REAL DEAL

NEW YORK REAL ESTATE NEWS

## One year later, Amazon Effect still felt in LIC, citywide

*One year later, ill-fated HQ2 project leaves afterglow on LIC, pall over city*

By [C.J. Hughes](#)



*(Illustration by Neil Webb)*

For a while, people thought Josh Schuster, the managing principal of Silverback Development, was a genius.

Just a few weeks after [Amazon announced](#) in late 2018 that it would open an East Coast headquarters in Long Island City, Schuster finalized a deal already in the works to buy a half-built rental nearby for a condo conversion. In early February last year, Silverback started construction, and he filed an offering plan around the same time.

“At first, people were like ‘Kudos! Accolades!’ ‘How did you know it would happen?’” Schuster said.

But just days later, on Valentine’s Day, facing local backlash over billions of dollars in subsidies and fears of gentrification, [Amazon kissed New York goodbye](#)— breaking a lot of hearts in the real estate community.

“When Amazon left, it was definitely deflating,” Schuster said.

There have been few whirlwind reversals in New York real estate history to compare with the fleeting frenzy surrounding the plans for Amazon’s “HQ2” in LIC, which inspired a mania of dealmaking but also a fevered opposition that ended up killing the nascent megaproject in its crib just three and a half months after the announcement.

But it wasn’t all sound and fury signifying nothing. There’s evidence that the e-commerce giant’s brief, turbulent fling with the Queens neighborhood has actually had a lasting, positive impact on LIC — even as the toxic political backlash may have done enduring harm to development in the city as a whole.

The immediate “Amazon Effect” was dramatic and short-lived. There were 145 deals struck in LIC during the exuberant period when HQ2 was expected that closed, according to broker Patrick W. Smith in Corcoran’s LIC office — a rate of some 43 deals per month. But that plummeted to about 10 per month after Amazon backed out, with 110 deals in the 10 months to the end of 2019 based on what has closed so far.

“It’s been like a roller-coaster ride,” said Greg Blake, a director of Meadow Partners, which is marketing the Independent, a co-op conversion of a rental at 42-14 Crescent Street.

But all the attention has left something of a halo effect on LIC.

“It’s not good that Amazon left,” said Blake, “but it does make a statement that they wanted to be here.”

Amazon prime real estate

Amazon's departure hasn't derailed Silverback's plans, or those of other developers. Indeed, since the Amazon breakup, Silverback has raised prices three times at Hero, its 109-unit, 23-story project at 24-16 Queens Plaza South.

"Did Amazon create a public relations value-add? Absolutely," said Corcoran's Smith.

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**PATRICK W. SMITH**  
CORCORAN

"It put us in the global eye," said Eric Benaim, the founder of the local brokerage Modern Spaces, who did 162 media interviews with outlets from England, Japan and France, among other places, in that three-month Amazon era.

The weekend after Amazon's announcement, Arcadia 27, a glassy 32-unit property at 42-50 27th Street, saw 50 buyers at an open house, up from a typical five, said Kevin Chen, an agent with Chase Global Realty, which is handling sales for developer Ampiera Group. "And those 50 people did not know what Long Island City was before," Chen said.

After the e-tailer canceled its order, however, attendance at open houses immediately dropped off, Chen said, and three of the four buyers who signed contracts during the Amazon period even wanted out. Nonetheless, as of last month, 75 percent of Arcadia 27's units were sold, for around \$1,300 a square foot, according to Chen.

On balance, the local market does seem better off now than pre-Amazon, according to Modern Spaces. LIC saw 122 contract signings in all of 2018, the firm said, but in just the six months that followed Amazon's 2019 pullout, there were 414 contract signings.

"Amazon has some of the smartest people in the world working for them, and they picked Long Island City," said Schuster. "So people are now thinking, 'It's got to be great.'"

## Unable Basin

The fate of the would-be Amazon site is still in limbo, however. Any big residential or commercial projects at the nearly 13-acre parcel around the East River inlet Anable Basin will require a rezoning, which landlords, developers and city officials are all more cautious about after the storm of opposition that washed away HQ2.

TF Cornerstone and Plaxall, landlords who together control most of the land on the waterfront site, have put the brakes on rezoning initiatives that began several years ago, real estate sources say.

Instead, those firms and two other major local property owners, L&L and Simon Baron Development, have created a [mechanism to win community support](#). Formed at the urging of city officials, the initiative is dubbed Your LIC and is holding a series of workshops inviting locals to weigh in on what they would like to see any future project include, such as new parks and local hiring initiatives.

Only after this exhaustive consultation will the developers launch the formal rezoning process, probably next year.

Still, some local real estate players doubt that any amount of community outreach can clear the way for new big developments in LIC.

“Honestly, I’m not even expecting the rezoning of the waterfront to happen at this point,” said Paul Januszewski, the vice president of planning for Rockrose Development, which owns five residential rental buildings in the neighborhood. “If I was a neighbor and saw all this development happening already, it would be tough to convince me that more density is needed. It’s a tough audience to present it to.”

Joseph Palumbo, a manager of Rising Developers Group — which is working on GreyStone LIC, a 12-unit condo at 5-25 47th Road — believes that even if the rezoning eventually goes through, LIC has lost its chance to attract another corporate presence with the placemaking power of Amazon.

“That ship has sailed,” he said.

## A toxic waste

Palumbo blames [poisoned politics](#) for scaring off Amazon and making both the city and major developers gun-shy about championing another blockbuster development in LIC.

He said politicians like City Council member Jimmy Van Bramer, state Sen. [Michael Gianaris](#) and U.S. Rep. Alexandria Ocasio-Cortez were misguided when they slammed the massive HQ2 project as a harbinger of gentrification.

“I have news for those three politicians,” Palumbo said. “Long Island City was already gentrified before Amazon showed up.”

TF Cornerstone, Plaxall, L&L and Simon Baron all declined to comment for this story. But TF Cornerstone’s Tom Elghanayan, whose firm is also behind the nearby Hunters Point South development, told TRD at the recent REBNY gala that the e-tailer’s departure doesn’t diminish prospects for LIC.

“We never expected Amazon, you know? We were going to do that development out there, and so Amazon came along and it was like manna from the heavens,” he said.

But Elghanayan also said that the toxic politics that sank the Amazon project have soured him on the city as a whole.

“Frankly, we’re looking to extricate ourselves from New York, ultimately,” he said, “because I think the politics have gotten so bad. We’re going to finish what we have, but we’re going to look elsewhere.”