

Developers bring their money and ideas to Troy

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by [Michael DeMasi](#)

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As he walked through the office building in downtown Troy that bears his name, John Hedley recalled the last time a large group of real estate brokers gathered at 433 River St.

It was 1990, and Hedley, who owned a Cadillac car dealership next door, had just spent \$1.5 million for the old Cluett Peabody shirt manufacturing plant that looms over the Hudson River.

The big white empty building with the red brick smokestack seemed to epitomize how far the aging industrial city had fallen over the years.

Hedley was embarrassed to go to the meeting, but figured he needed to sell people on the idea there was a reason to invest in Troy.

"Oh, geez, they wanted to eat all the food and go home," Hedley said of the reaction from brokers that day. "They thought I was nuttier than a fruitcake."

So it must have been satisfying for Hedley to stand on the seventh floor of the building with 60 or so commercial and industrial real estate brokers April 5 and listen while a developer detailed an ambitious plan for the area surrounding the former Cluett plant (the building is now called Hedley Park Place, a 300,000-square-foot office building that's 90 percent leased).

The developer, Latham-based **First Columbia LLC**, bought Hedley Park Place and Flanigan Square, another office building that Hedley renovated on River Street, plus several small nearby parcels, last summer for a combined \$18.8 million.

The firm then hired **Saratoga Associates** to sketch out a vision for a roughly 70-acre slice of Troy's riverfront that stretches from the Green Island bridge north to Jay Street and east to Sixth Avenue. The area includes brick row houses, vacant lots, warehouses and businesses such as **Brown's Brewing Co.** and River Street Cafe.

Forward-thinking

First Columbia--which owns about 10 acres within the boundaries and leases numerous parking lots--christened the area The Hedley District and is marketing it as a conveniently located urban setting that's ripe for new offices, a hotel/conference center, retail shops, a movie theater, graduate student housing and a riverfront promenade.

"The key thing is we already have the jobs here," First Columbia President Kevin Bette said. "All we need to do is provide the services and amenities that businesses need."

With more than 19,000 college students attending **Rensselaer Polytechnic Institute**, Russell Sage College and Hudson Valley Community College, Bette is convinced downtown Troy can be as sought-after as Cambridge, Mass., and Hanover, N.H.--vibrant college towns that combine historic buildings with modern conveniences.

Several of the brokers who gathered that morning for a breakfast meeting of the **Commercial and Industrial Real Estate Board** liked what they heard from Bette.

"I've always thought Troy was a big opportunity waiting to happen," said Bob Schwarz, who markets commercial properties for Prudential Manor Homes Realtors in Albany.

"This is forward-thinking," said Scott Film of **Scott Film Realty** in Troy.

Within the year, First Columbia expects to start building a 1,000-car garage across from Hedley Park Place to accommodate the 1,200 workers in the building and other planned growth. Also on tap are a 135-room business class hotel and adjoining 20,000-square-foot conference center geared toward hosting university-related events.

First Columbia has the financial muscle to make the projects possible. Still, there are obstacles ahead for the company and other potential investors, such as the city's high property taxes (\$41 per \$1,000 of assessed valued for city and school taxes, based on the equalization rate).

The physical decline is also evident. For instance, Hutton Street, which links Hedley Park Place with an exit ramp off Alternate Route 7, is lined with potholes.

Mayor Harry Tutunjian said the street would be repaved by early summer.

"We're just getting through winter and the potholes are going to be repaired," Tutunjian said.

Tutunjian, a Republican who took office in 2004, is thrilled with First Columbia's plans and encouraged by the other projects in the city.

"It's an exciting time to be in Troy," Tutunjian said. "Not a moment too soon. For too many years, our residents have been promised things. They haven't seen them. It's time they start seeing some real forward movement."

There are people who want to be there

Other projects underway or on the drawing board include:

- Renovations to convert the former Stanley's department store at Third and State streets into a 19-unit luxury apartment building with underground parking called The

Conservatory. The five-story Beaux Arts building was built in 1903 and had several retail tenants over the years before Stanley's closed in 1989. The Troy Conservatory of Music once occupied the top floor.

The first floor will be renovated for as-yet unsigned retailers. The upper floors offer stunning views of the Troy landscape, with its many church steeples and old brick buildings.

Rental rates, which include cable and high-speed wireless Internet access, are steep. A 964-square-foot one-bedroom, one-bath unit on the fourth floor costs \$1,320; a two-bedroom, 21/2-bath, 2,244-square-foot apartment on the second floor is \$3,099 per month.

Even before the work is finished, four of the units are reserved and two are leased, including the largest, a 3,000-square-foot apartment on the fifth floor that will be the new, custom-designed home of Wallace and Jane Altes. Wallace Altes is the former president of the **Albany-Colonie Regional Chamber of Commerce**.

The developers are Jeff and **Deane Pfeil of Pfeil & Co.**, who have built, redeveloped and leased retail and medical properties in Saratoga Springs, Stuyvesant Plaza in Guilderland and elsewhere in the region. Their first project in Troy began in 2005, when they converted an old factory in Lansingburgh into 18 condominiums called Power Park Lofts. All of the condos are sold.

"If you create the right product, there are people that want to be there," said Jeff Pfeil, who expects to have units ready for the first tenants in May and the remainder by the fall.

"Troy is definitely a very happening place now," he added. "I often say it feels like Saratoga 10 years ago."

- Downstate investors bought the former [Mooradian's Furniture](#) store/warehouse at 599 River St. for \$950,000 last November. They want to convert the six-story building into 48 condominiums with a rooftop deck, a ground-floor cafe and a retail incubator for small vendors, similar to Chelsea Market in Manhattan.

The investors--Ad Hereijgers, Pietro Costa and Peter van **Jaarsveld of New Amsterdam Development Co.**--have started framing the top floor for the high-end condo units, which they believe will appeal to young professionals who want the experience of living in a Soho-styled loft with open floor plans, large windows and exposed mechanical pipes on the ceiling.

- A few developers have approached the city about buying City Hall on River Street, tearing it down and constructing an office building or mixed-used building that includes a hotel.

Built in the mid-1970s, City Hall's light gray facade and modernistic design doesn't fit in with the city's brownstones and other Victorian-era structures.

"I think the concept of selling City Hall is a simple one," Tutunjian said. "It's where do we go from here."

- One possible site for a new City Hall would be the Congress-Ferry Street corridor, which is being eyed for a \$100 million-plus redevelopment that would include commercial offices, college student and faculty housing, multi-family rental units, retail stores and parking garages.

The 14-acre swath of land includes a wooded area bordering Prospect Park, vacant land owned by the **Troy Housing Authority**, a portion of Eighth Street and the area surrounding the Rensselaer County government offices on Seventh Avenue.

A development team led by **United Group** of Cos. Inc. in Troy and Hedley was picked by the city in November 2005. Since then, the team has been working with the city and state transportation officials on a plan for realigning Congress Street from Seventh Avenue to the top of the hill to accommodate the new buildings.

"A lot of time and effort has been put into engineering studies," said John Ball, executive vice president and chief operating officer of United Group. "I think we're finally getting down to a road realignment that everybody likes."

Even though the development is targeting the same college population that First Columbia sees as the linchpin of its plans on River Street, Ball said he's not concerned about competing demands. The only project that could be potentially impacted is a hotel in the Congress-Ferry street corridor.

"I think we're going to be taking a very careful look at their [First Columbia's] hotel project and the success of that," Ball said. "That could have some bearing on a small boutique hotel in the corridor."

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