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## **Why This New Commercial Condo in the Diamond District Might Actually Be a Smart Idea**

By Eric Goldschein

A small but growing number of commercial buildings in Manhattan are asking tenants to buy office space rather than rent it, according to Crain's.

Commercial condominiums only appeal to a certain demographic: they make up just two percent of the 500 million square feet of office space in Manhattan. They have traditionally appealed mainly to non-profits and medical practices that plan to set up shop for the long haul.

But led by Extell's new International Gem Tower on W. 47th Street, at the heart of the Diamond District, some owners are seeing their gamble pay off.

According to Crain's:

With nearly a year to go before the opening, nearly 60% of the first 20 floors has been sold at asking prices averaging \$1,000 per square foot. No decision has been made on whether the remaining 14 stories will also be sold as condos or be leased.

This success could be due to the high number of foreign business owners—who are accustomed to buying office space abroad—in the Diamond District. Nearly 80% of these commercial condo sales go to foreign buyers, such as companies based out of Belgium, India and Israel.

The 34-story Gem Tower in particular scored a major coup when they enticed gem giant GIA to switch offices next year. GIA is one of the biggest players in the diamond industry worldwide.

But it remains to be seen whether smaller diamond and jewelry dealers will want to make the commitment of buying an inflexible amount of office space.

