

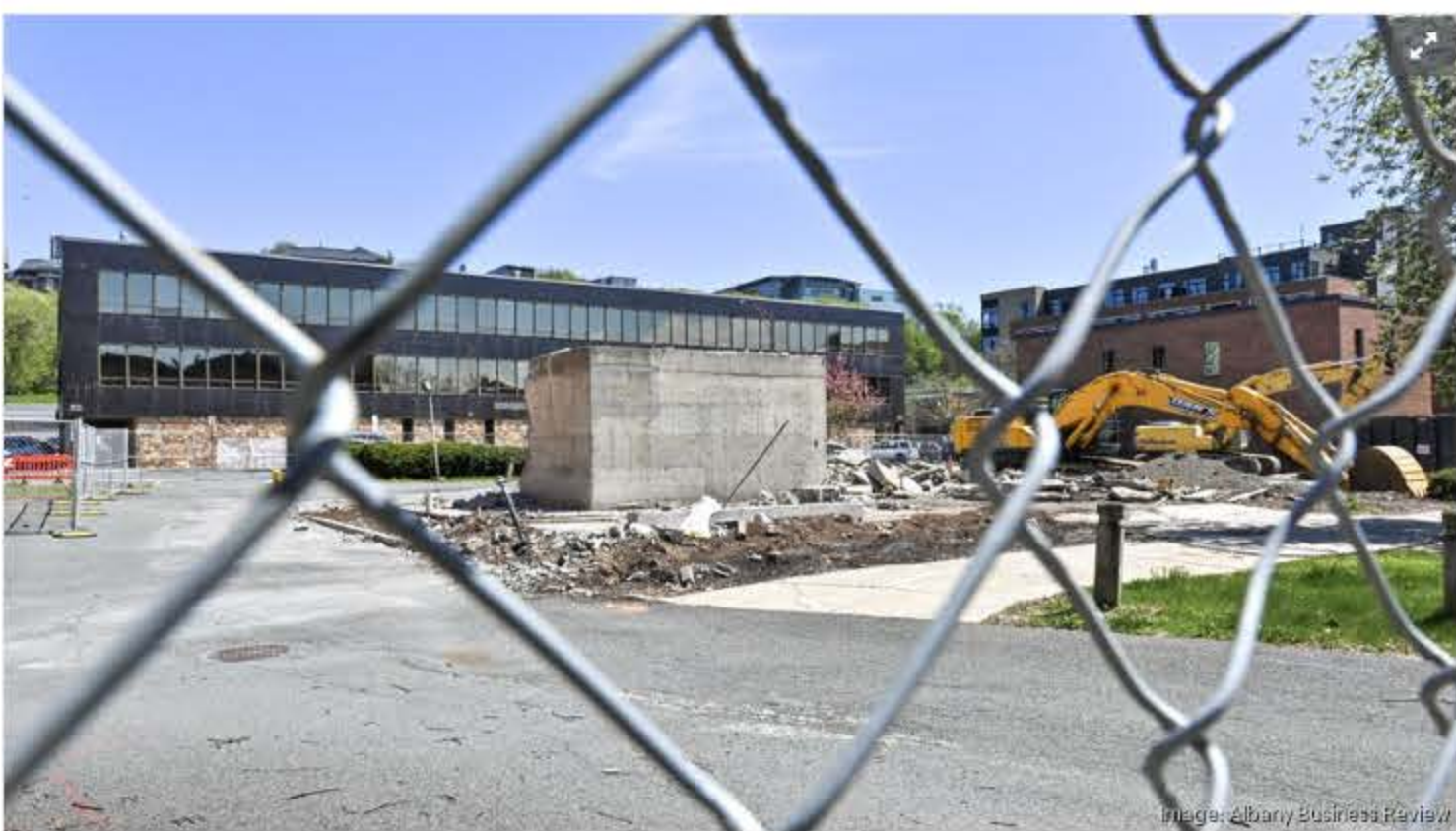
Commercial Real Estate

The pandemic already added \$4.5M in costs to this construction project – now tariffs could tack on more

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The development will take the place of a former suburban-style bank branch in downtown Troy. Demolition and site work has already started.

DONNA ABBOTT-VLAHOS | ALBANY BUSINESS REVIEW



By Mike DeMasi – Reporter, Albany Business Review
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Story Highlights

- Rosenblum Cos. begins construction on \$22.7 million Troy apartment complex.
- Tariffs may impact material costs, especially from Canadian suppliers.
- 1818 Passive House will feature energy-efficient construction techniques.

Material suppliers have thus far been maintaining their prices as Rosenblum Cos. prepares to start building its next apartment complex in downtown Troy, but there have been warnings about potential changes.

"We're obviously watching the tariffs very closely with our general contractor, Jersen [Construction Group], and suppliers," said Jeff Mirel, principal at Rosenblum. "Our biggest exposure is some material and equipment from Canada."

Site work started a few weeks ago with the demolition of a former suburban-style bank branch on Fifth Avenue between Broadway and Fulton Street to clear the land for what will be a four-story, 71-unit market-rate apartment complex called 1818 Passive House.

The \$22.7 million project was first proposed more than four years ago and has already seen costs rise \$4.5 million due to pandemic-fueled inflationary impacts on the construction industry and higher borrowing expenses.



A rendering of the 1818 Passive House apartment complex that will be built on Fifth Avenue in downtown Troy.

ROSENBLUM DEVELOPMENT

Various aspects of the design could be impacted by tariffs that President Donald Trump has implemented since taking office in January, including a 10% minimum tariff on all countries, a 25% tariff on all steel and aluminum imports and 125% tariff on Chinese imports (those rates are as of April 15, according to The Budget Lab at Yale).

For instance, the apartment complex will be framed with wood, and Canada is a major supplier of wood to the United States.

At this point Rosenblum Cos. doesn't expect price increases for lumber, said Angela Cioffi, director of construction.

Heat pumps, windows and appliances are other examples of products that could be more expensive due to tariffs, though manufacturers could absorb the import fees rather than passing them on in full or partially to commercial and residential customers.

Generally speaking, it's too early to know the potential impacts. Still, where and when possible, Rosenblum Cos. will expedite orders for items such as lumber, windows, electrical gear and heat pumps.

Despite the uncertain path ahead, there was no discussion about delaying the start of construction, Mirel said.

"Honestly, it's been such a difficult environment over the entire course of developing the project," he said. "We're still experiencing the sticky inflation that was post-Covid."

The tariffs are another hurdle in what is already a challenging development. 1818 Passive House will incorporate highly energy-efficient construction techniques to minimize the need for heating and cooling, such as triple-paned windows, robust insulation and filtered fresh air in each unit.

"Development is intrinsically risky, but there's a higher degree of uncertainty so we've had to be as agile as possible," Mirel said. "Working with Jersen and our suppliers, we've decided to push forward and try to manage the exposure."

Construction is expected to be completed in July 2026, resulting in studios and one-bedroom apartments ranging from 450 square feet to roughly 700 square feet.

Financing includes a 20-year payment-in-lieu-of-taxes agreement with the city and a \$1 million grant from the New York State Energy Research and Development Authority (NYSERDA).

The lender is Pioneer.

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