

The New York Times

Wednesday, December 24, 2014

Business Day Square Feet

Rebuilding a Block to Greet the Met Museum

BY RONDA KAYSEN

For nearly half a century, the Whitney Museum of American Art's Marcel Breuer building has dominated Madison Avenue and 75th Street.

But with the Metropolitan Museum of Art preparing to take over the space, a flurry of construction — including what may be an Apple store — could be construed as the Met effect.

In October, the Whitney closed its doors in anticipation of its move to a space designed by Renzo Piano that is scheduled to open in the meatpacking district in May. But the Brutalist style Breuer building, which opened in 1966, will not stay dark long. It will reopen to the public in March 2016 as a satellite location for the Met to showcase contemporary and modern art.

When the Met arrives on Madison Avenue, it will find a block that has been substantially altered. The starkest change is happening next door, where six 19th-century brownstones on Madison Avenue, along with two neighboring townhouses on East 74th Street, are being converted to condos and retailing.

It has been reported that Apple will open a store at 940 Madison Avenue in the United States Mortgage and Trust Company building, a limestone and marble building from 1922 designed by the architect Henry Otis Chapman. Apple has made no announcement about a new location and has declined to comment on its plans. However, work is now being done at the 92-year-old building.

Luxury retailers are increasingly drawn to the area. In October, the German fashion designer Tomas Maier opened a boutique next door to Carolina Herrera on Madison Avenue north of East 75th Street. And last month, the French fashion designer Roland Mouret opened a 1,400-square-foot flagship directly across the street from the Breuer building.

"I would say that the block is as transformed as any block in New York City," said Daniel E. Straus, a health care magnate who bought the collection of brownstones and a townhouse from the Whitney in 2010. The brownstones, which date to the 19th century, have been gutted, leaving only the facades, to make way for 10 luxury condos at 33 East 74th Street and 17,300 square feet of retail space at 935 Madison Avenue. One of the brownstones, which was stripped of its historic detail in the 1930s, was demolished.

The changes seal the block's future as a tourist destination. An Apple store would most likely be a major draw, as the company's flagship store at Fifth Avenue and 59th Street is frequently mobbed with shoppers and tourists alike. And the Breuer building could receive a substantial increase in visitors.



The Whitney attracted around 350,000 visitors a year, with lines frequently winding around the block. But the Met draws 6.2 million visitors a year to its Fifth Avenue and Cloisters locations. If just 10 percent of those visitors — 620,000 people a year — were to walk the short distance from Fifth Avenue to Madison Avenue, attendance at the Breuer building would almost double.

“There will be a lot of people who will be walking between the two buildings and experiencing all that Madison Avenue has to offer,” said Matthew A. Bauer, the president of the Madison Avenue Business Improvement District.

“This block is going to go from being an Upper East Side block to being a must-see,” said Joel E. Isaacs, the president of Isaacs and Company, which is marketing the retail space at 935 Madison Avenue.

Even without the Met, Madison Avenue is a shopping magnet, with retailers steadily inching north from East 57th Street. Asking rent for retail space is about \$1,500 a square foot on Madison Avenue in the mid-70s, not much lower than the \$1,800 a square foot retailers pay on Madison around East 57th Street, according to Faith Hope Consolo, the chairwoman of the Retail Group at Douglas Elliman Real Estate.

“They’re at the right place at the right time,” said Ms. Consolo of the 935 Madison Avenue development. “But you know what? Retailers are mad for Madison.”

But when Mr. Straus bought the properties from the Whitney for \$95 million in 2010, the block’s future was not entirely settled. The Whitney had already decided to leave the Upper East Side, but it had not found a tenant for the Breuer building. It wasn’t until 2011 that the Met announced its intention to sign an eight-year lease with the Whitney. “I would love to take credit for brilliance, but I think it’s really fortuitous,” Mr. Straus said.

For decades, the brownstones and townhouses that neighbor the Breuer building have had an uncertain fate. Over the years, the Whitney made various attempts to transform them into additional museum space, fielding designs by the star architects Michael Graves, Rem Koolhaas and Mr. Piano, none of which were ever realized. Known as the Whitney brownstones, the six that line Madison Avenue were built in the 1870s in the Italianate and Greek Revival styles. One of the properties, a 33-foot-wide mansion designed by the architect Grosvenor Atterbury on East 74th Street, was built in 1901.

“They’re very workaday classic New York brownstones,” said Tara Kelly, the executive director of Friends of the Upper East Side Historic Districts. “But their significance rises to a higher level because of their proximity to the Breuer building.”

Over the years, the Whitney used the properties as office space with retailers on the ground floor. But after the museum committed to a new space overlooking the High Line park, it sold the parcels to raise money for the project.

Because the properties are in a landmark district, Mr. Straus had to win approval from the Landmarks Preservation Commission for the design by Beyer Blinder Belle, which includes a three-story penthouse addition. The 14,300 square feet of retailing, spread over the ground and basement levels, could be divided into as many as five storefronts. The ground floor space will have 18-foot ceilings. The ceilings in the basement level will be 10 feet high.

Some preservationists have raised concerns about the redesign, lamenting that in preserving only the facades, the essence and character of the historic buildings have been lost. Ms. Kelly said: “If you have a hammer and you replace the head and you replace the wooden shaft, is it still the same hammer that you had?”

COMMERCIAL OBSERVER

Monday, March 24, 2014

Lease Beat

Salon Inks Central Harlem Lease

BY GUS DELAPORTE

YSB Salon has signed a 10-year lease at **2520 Frederick Douglass Boulevard**, between 134th and 135th Streets in Central Harlem, *Commercial Observer* has learned.

The lease includes 550 square feet of space on the ground floor and 450 square feet on the lower level. The tenant, a full-service hair and beauty salon, will pay rent in the mid-\$80s per square foot.



“We were instrumental in transforming the retail landscape in the southern part of the district, and now we are going to upgrade the profile here,” said **Faith Hope Consolo**, a broker at **Douglas Elliman**, in a statement. “This salon is a prime example of catering to the neighborhood’s changing needs because it offers many spa-like services, not yet seen here.”

Ms. Consolo represented both the tenant and the landlord, the **Greater Harlem Housing Development Corporation**, alongside **Joseph Aquino** and **Arthur Maglio**.

“There is so much activity north of 125th Street that this has become the next frontier for new restaurants and shops in Harlem,” Mr. Maglio added in the statement. “There is an educated consumer base in the area, with disposable income, that would welcome better retail and services.”

Ms. Consolo and her colleagues have been active in Harlem in recent months. As reported by *Commercial Observer*, the team represented the landlord in a lease for **Central Park North Orthodontics** at **1851 Adam Clayton Powell Jr. Boulevard** earlier this year.

THE REAL DEAL

NEW YORK REAL ESTATE

Wednesday, March 19, 2014

Is Warby Parker arrival a tipping point for Lexington in the 80s?

BY KATHERINE CLARKE

It's a retail strip home mostly to dry cleaners and delis. But the arrival of a trendy luxury retailer may signal changing prospects for Lexington Avenue in the 80s, sources said.

Indeed, hoards of bespectacled, skinny-jean wearing fashionistas, types normally seen in hanging out in Williamsburg, flooded the retail portion of 1209 Lexington Avenue last night for the opening of the latest outpost of Warby Parker, the trendy eyewear company.



Warby Parker restored a century-old storefront at the location, formerly home to Lascoff Pharmacy, to its former glory, while maintaining the interior moldings and the original terrazzo floors from the early 1900s.

“I think they’re the coolest, hippest retailer to open on the Upper East Side,” said Darrell Rubens of Winick Realty, who represented the landlord in the company’s lease deal. “There’s nothing really sexy on the street right now.”

“This area of Lexington Avenue still maintains the character of old New York with local and mom-and-pop stores, as opposed to the national chains that proliferate nearby 86th Street,” he said. “I think you’re going to see other hip young designers want to be their neighbor.”

Warby Parker leased the space from Samy Mahfar of SMA Equities earlier this year. Rubens and colleague Lee Block represented Mahfar in the deal, while Mathew Siegel and Kyle Allen of Thor High Street Advisors represented Warby Parker.

“That neighborhood is evolving and just keeps getting better and better,” said Douglas Elliman retail maven Faith Hope Consolo of the Warby Parker lease. “This is just the first of many deals coming into the area. Lex in the 80’s will soon look like Lex in the 70’s.”

The location, which is Warby Parker's third in Manhattan, consists of a 1,600-square-foot ground floor and approximately 600 square feet each on the mezzanine and in the basement. It has cathedral-style 20-foot ceilings, 20-foot arched windows and 115 feet of wraparound frontage.

“When Lascoff Pharmacy lost their lease, they started dismantling and selling off pieces of the old architecture, everything from the fixtures to the stained glass windows,” Rubens said. “When Samy purchased the property, he quickly put a stop to this and was even able to save the legendary blade sign, which is still hanging on the building today.”

Thursday, March 13, 2014

Google Inc (GOOG) Looking For Space In New York For Retail Store

BY VIKAS SHUKLA

Google Inc is looking for retail space in New York City's SoHo neighborhood. It will be the search engine giant's first retail store in the U.S., and will be located around the corner from an Apple Store. As Google Inc's interest in gadgets continues to grow, the company is following Apple Inc.'s footsteps.



Crain's New York Business said that Google Inc is close to signing a deal to lease 8,000 sq. feet of space at 131 Greene St. in the SoHo district. The 131 Greene St. property is controlled by Ascot Properties NYC. Faith Hope Consolo of real estate firm Douglas Elliman Real Estate said that the Mountain View-based company has been shopping for space in Manhattan area for quite some time. She said the company has been in discussions with several parties.

A retail store will be a bold move for the Internet giant, and indicates its increased focus toward hardware. Google Inc may use the retail store to sell its various gadgets, including the Chromebook Pixel laptops, Nexus line of smartphones and tablets, Chromecast, and the upcoming Google Glass and smartwatch.

Greene Street also has luxury retailers like Louis Vuitton and Tiffany. The neighborhood has witnessed a steady growth in upscale shopping. This is not the first time the search engine giant has opened a brick-and-mortar store. Google Inc already has Android stores called "Androidland" in India, Indonesia, and Australia. Chromezone in London was the first official retailer to sell Chromebook laptops at a retail store.

Google Inc has posted its employees in Best Buy stores to sell its products. The company also works with Wal-Mart and Office Depot. Late last year, the Internet company opened temporary showrooms named "Winter Wonderlabs" in six U.S. cities to show off its latest products during the holiday season.

Apple Inc. already has a strong presence in the retail space. Other tech companies are aggressively expanding their retail businesses. Microsoft Corporation already has 63 stores. Meanwhile, Samsung Electronics plans to open 60 new stores in Europe this year.

Google Inc shares ticked up 0.29% to \$1,210.75 in pre-market trading Thursday.

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Google's plans for a store may be more like a museum

The tech giant is rumored to be close to signing a deal on a NYC space, but is it beta testing for more stores or creating another tourist attraction?

BY COURTNEY SUBRAMANIAN



FORTUNE -- Just 295 feet down the block from Apple's first retail store sits an empty space that could not only make history but also change the face of the Google experience.

That's a lot to be said for an 8,000-square-foot storefront, but according to *Crain's New York Business*, Google is reportedly close to signing a deal to debut its first ever brick-and-mortar store at 131 Greene St. in New York City's trendy SoHo shopping district.

Google declined to comment for this article. But real estate agent Faith Hope Consolo confirmed to *Fortune* that Google has been seeking out a space for months. The chairman of New York's Douglas Elliman Real Estate retail group is not involved with the deal, but says Google has been focused on Greene Street, just one block away from its largest competitor.

A flagship store could serve as a boon to Google as it ramps up efforts to become a hardware player with its products including the Nexus tablet and smartphones, Chromebook Pixel laptop, Chromecast for television, and the forthcoming wearable tech Google Glass and smartwatch.

But whether that's enough to sustain a retail store isn't the question, according to Sucharita Mulpuru, an analyst with consulting firm Forrester Research.

"To me it's somewhere between a pop-up store, which is a marketing contest, and a flagship experience destination that is intended to bring an experience alive," Mulpuru says.

The store could serve as a Google museum providing new exhibits and ideas every few weeks. Mulpuru argues it is more akin to an on-land version of the mystery Google barge afloat along the West Coast, providing the tech firm yet another tourist attraction.

"Everyone is fascinated by the behind-the-scenes innovation showcases," she says. "It's like the equivalent of having the *60 Minutes* announcement of the drone every few months."

A spot in SoHo wouldn't be the company's first testing of the retail space. Late last year Google launched Winter Wonderlabs, or pop-up shops in six cities around the country that showcased its latest products during the holidays, signaling what many speculated as a precursor to a more permanent presence.

Aside from a groundbreaking foray into retail, Google is also playing catch-up. While Apple pioneered the tech retail space through its harmonious ecosystem connecting its hardware and operating system, Microsoft and Windows struggled with tying its devices into their software-driven business. It's hard to measure the success of the Microsoft store -- which launched in 2012 -- since the company doesn't disclose revenue for its retail operation, but Microsoft is far from making its hardware as popular as Apple or Google.

Google has little worry about Android claiming the biggest market share of handset operators, which sends customers back into its operating system and shares the information and data that Google thrives on.

"Google has had more success than Microsoft in penetrating with their hardware devices and going at it from a different route," Morningstar analyst Peter Wahlstrom says. "If you have a touch-point within a particular environment, that could lend itself to a very good user experience."

By creating a flagship store, the tech giant could worry less about pushing units of phones and more about engaging the public in products like Google Glass and Google smartwatches, initiatives like Google Fiber and driverless cars while also setting up an information service akin to the Apple Genius Bar and creating an experience destination in one of NYC's most well-tread, posh neighborhoods.

Indeed, even Samsung is creating studios within Best Buy, which is desperate to keep afloat by maximizing the store-within-a-store concept. According to the warehouse retailer's fourth-quarter results, Best Buy currently operates 1,400 Samsung and 600 Windows pop-up stores, creating more of an exhibition hall than an electronics store.

Jan Dawson, chief analyst at independent tech research firm Jackdaw, imagines a similar concept for the possible Google flagship.

"It makes a bit more sense the store would be around telling the Google story," he says. "Like Samsung studios, it might be more about absorbing their vibe and evangelizing the way of doing things instead of shifting a lot of boxes."

As Apple demonstrates, creating your own space allows a brand to control the messaging and delivery of products and services. Regardless of whether the alleged NYC flagship is successful, the value is in the marketing and public relations aspect for the rest of the company.

"You have all these different facets of Google that people think about, but never actually put together," Wahlstrom says.

Opening a shop amid some of NYC's most expensive real estate may help Google customers put all the pieces in place.

CRAIN'S

NEW YORK BUSINESS

Monday, March 10 - 16, 2014

Greene Street turns to gold with potential new tenant

The hottest block in hippest retail nabe to sizzle as Google eyes first storefront.

BY DANIEL GEIGER



Ten years after Louis Vuitton bravely opened a store on Greene Street, the onetime quaint SoHo back-water is emerging as the neighborhood's rising star. As a magnet for high-end shops and shoppers alike, it now rivals glitzy Spring and Prince Streets—not to mention SoHo's original top draw, West Broadway, two blocks to the west of Greene Street.

"It's become the little Madison Avenue of SoHo," said Faith Hope Consolo, chairwoman of Douglas Elliman's retail group.

Today, behind its five-block-long row of handsome storefronts, many of them cast iron, are such high-end retailers as Dior Homme, Stella McCartney and Tiffany. More are streaming in all the time, and a big one looms on the horizon.

Retail experts say that deep-pocketed tech giant Google is near to signing a lease at 131 Greene St. for what would be its first brick-and-mortar store in the country. Some say its arrival could put Greene Street on shoppers' maps, just as the arrival of another tech titan did for a nearby Prince Street 13 years ago.

"This could do for cobblestone Greene Street what the Apple store did for Prince," said Richard Hodos, a retail leasing broker at CBRE, referring to the Apple store on the corner of Prince and Greene streets that became a retail phenomenon in SoHo. "This is going to be an attraction that will generate excitement for Greene Street, that people will want to come and see."

Already, the street's status with well-heeled shoppers is stoking a run-up in rents and property prices. In just the past two years, average rents have doubled to more than \$300 per square foot, several brokers said. In the one block that sits between Prince and Spring Streets—the arteries that feed most of the street's foot traffic—the jump in rents has been even more dramatic.

Google it

Those gains in turn are pushing up the prices of properties along the street. A case in point is 57-63 Greene St., whose 8,000-square-foot ground and basement retail space David Schechtman, a broker at Eastern Consolidated, sold two years ago to a partnership led by Thor Equities for \$17.25 million. Recently, Mr. Schechtman said, he received unsolicited offers for the same space as high as four times that sum, a whopping \$70 million.

"What changed to create that value?" Mr. Schechtman said. "The feeling that rents will rise higher."

In another sign of Greene Street's changing fortunes, Mr. Schechtman and his brokerage partner Adelaide Polsinelli said they have sold 14 buildings on Greene Street in as many months.

Property experts note that to date, the strip of the street—which runs from Canal Street up to Houston Street—that has been the biggest benefactor of the rising foot traffic is its northern section, above Prince Street. The fashion brand Costume National, for instance, previously had leased space on Wooster Street and then on Mercer, before jumping to 150 Greene St., just south of Houston, in 2012.

"We definitely see more shoppers coming up here," said Ryan Bollwerk, looking out the store's expansive front window—displaying such fashion goodies as \$790 black pumps—to Dior Homme, which moved in the same year. "We feel like we're gaining more notice."

Google could draw even more traffic in Costume National's direction. According to sources, Google plans to open an 8,000-square-foot store at 131 Greene St., less than 200 feet below Houston Street.

Louis, Louis

Meanwhile, even Louis Vuitton, the street's upscale pioneer, whose famous LVM-emblazoned hardcase luggage chests go for \$8,300 a pop, is mulling an expansion of its bet on the block. Louis Vuitton has twice expanded its flagship at 116 Greene St., snapping up abutting storefronts. Now it is rumored to be in talks to expand for a third time, into space that would bring its store all the way to the corner of Greene and Prince Streets. The potential deal, at 122 Greene St., would be significant because it would entice shoppers along Prince Street to turn onto the block.

At this point, even Greene Street's relatively sleepy southern half is perking up. Michael Ruple, director of Arcadia Gallery, which offers \$40,000 oil paintings by contemporary artists like Daniel Adel and Malcolm Liepke, said the gallery had considered moving just 100 feet north, past Broome Street, late last summer.

"But the rent was \$100,000 a month instead of the \$30,000 we pay here," Mr. Ruple said. "We just renewed our lease here for 10 years, and we have the feeling it may be the last time we're able to afford to."

The New York Times

Wednesday, March 5, 2014

Business Day Square Feet

BY ROSALIE R. RADOMSKY

RECENT LEASE

\$100/SQUARE FOOT

221 East Broadway (at Clinton Street)

Manhattan

Ten-year leases are available for seven commercial spaces totaling 4,000 square feet in this six-story Lower East Side walk-up. Two of the spaces are now vacant — a 600-square-foot space that was formerly Pushcart Coffee on East Broadway, and an 825-square-foot space that was previously the Manhattan Deli on Clinton Street. The former deli space is contiguous to five other spaces and could be combined with them. They range from 300 to 1,100 square feet and their leases run until next year.

Owner: Mayflower 221 L.L.C.

Brokers: Arthur Maglio, Faith Hope
Consolo and Joseph Aquino, Douglas
Elliman

Thursday, January 16, 2014

COMMERCIAL REAL ESTATE

West Broadway continues ‘second wind’ revitalization

BY LOIS WEISS



A series of leases and building buys along West Broadway in SoHo is putting the avenue back on the must-have map.

Once the darling of the art gallery and restaurant scene that created the original hip zeitgeist of Soho, West Broadway has lagged other area streets in both rents and façade upgrades.

Now a series of new building purchases, new retail leases, and high-priced condominium development is raising the area’s stock.

“The economy is strong and I think a lot of people are viewing it as an opportunity to have a great foothold in the market and reap the rewards,” said Christopher Owles of Sinvin Real Estate, who has been involved with, or is aware of, a number of transactions along West Broadway.

Luxury brands kicked off the side-street leasing trend on Mercer between Prince and Houston, with rents around \$200 per square foot where they had once been in the \$100 to \$200 per foot range.

“Retailers took notice and quickly followed the pioneers like a herd of stampeding buffalo,” said Jared Epstein, Aurora Capital’s Vice President of Leasing and Acquisitions. Space is now scarce so rents have been driven north of \$500 a foot on both Mercer and Greene Streets and well over \$1,000 per foot on Prince and Spring Streets.

“West Broadway has finally begun its revival due to the fact that it is now the least expensive option in SoHo for retailers,” Epstein added.

Peter Hauspurg, chairman of Eastern Consolidated, agreed: “West Broadway appears to be gaining traction, as Greene Street has rents that have tripled in three years and Mercer between Houston and Prince begins to attract the highest end luxury tenants.”

“West Broadway is also a straight line south to the growing activity in FiDi,” said Faith Hope Consolo, chairman of Douglas Elliman Retail, who predicted a rise in rents and a swing by retailers onto West Broadway in 2011. “And when condos are selling above \$20 million on the street, that does encourage high-end retail to locate there.”

Joseph Sitt’s Thor Equities is now in contract to buy the 2,150-square-foot 452 W. Broadway, near Prince, for \$6 million. The 20-foot wide structure has a giant glass window that spans upwards over two stories. Thor is already marketing the retail space for a total of \$800,000 per year or a blended \$372 per foot.

Yogurt store Chobani is in the process of nearly doubling in size on the corner at 150 Prince, which also has a 436 W. Broadway address. In the same building, Moleskine leather and Aesop’s skin care line took small stores where Happy Socks and Robert Marc are already ensconced.

Town Residential leased space for a local office in No. 337, at the corner of Grand, which opened just a year ago. At the time, the asking rent in the building, repped by Owles, was about \$200 per foot on the ground and \$75 per foot for the second floor.

Max Studio’s lease is up in February at No. 426 and its 3,500 feet are being marketed through RKF with an asking rent of \$300 per foot. La Perla relocated from Greene St. and Just Cavalli moved next door to 430-432, which has arched windows and a set-back upper floor. No. 415, which has a mix of upstairs offices and retail, sold over the summer for \$41 million to Ralph Tawil’s Centurion Realty with ASB Capital.

DSquared2 has just leased No. 402, at Spring Street, where it will have 2,200 square feet on three levels. Owles of Sinvin Real Estate represented the ownership in this deal, which had an asking rent of \$750 a foot. Last year, the Barolo Restaurant was booted from 396-398, clearing the way for Ladurée to lease No. 398, while Bonpoint grabbed No. 396.

Real Estate Equities Corp. purchased No. 375 last year for \$81 million. Anthropologie is the retail tenant in about 11,000 square feet with 43,689 feet of offices available above it with an asking rent of \$70 a foot through Jones Lang LaSalle.

The same owner of No. 402 and 396-398 has kept his prime No. 372 on the corner of Broome St. vacant since buying out Tommy Hilfiger. “They have been waiting for all these stores to be leased and open,” explained Owles, who is the agent. “It has four levels of legal SoHo selling space that is irreplaceable.” The asking rent is \$1.75 million a year for the entire building and comes to a \$150 per foot blended rent.

Early last year, the 11,115-square-foot retail space occupied by Treasure & Bond at No. 350 sold for \$25.5 million through Jones Lang LaSalle to Eliot Spitzer’s family company. Cushman & Wakefield is currently marketing the space for rent.

In 2012 DDG Partners bought the four-building Tootsie Roll factory complex at No. 325 on the corner of Grand St. for \$38.35 million where they are developing a new, nine-story condominium with retail space. The building also has Wooster St. frontage.

“The street is a puzzle and is finally starting to take shape,” Owles said.

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That's a lot to be said for an 8,000-square-foot storefront, but according to *Crain's New York Business*, Google is reportedly close to signing a deal to debut its first ever brick-and-mortar store at 131 Greene St. in New York City's trendy SoHo shopping district.

Google declined to comment for this article. But real estate agent Faith Hope Consolo confirmed to *Fortune* that Google has been seeking out a space for months. The chairman of New York's Douglas Elliman Real Estate retail group is not involved with the deal, but says Google has been focused on Greene Street, just one block away from its largest competitor.

A flagship store could serve as a boon to Google as it ramps up efforts to become a hardware player with its products including the Nexus tablet and smartphones, Chromebook Pixel laptop, Chromecast for television, and the forthcoming wearable tech Google Glass and smartwatch.

But whether that's enough to sustain a retail store isn't the question, according to Sucharita Mulpuru, an analyst with consulting firm Forrester Research.

"To me it's somewhere between a pop-up store, which is a marketing contest, and a flagship experience destination that is intended to bring an experience alive," Mulpuru says.

The store could serve as a Google museum providing new exhibits and ideas every few weeks. Mulpuru argues it is more akin to an on-land version of the mystery Google barge afloat along the West Coast, providing the tech firm yet another tourist attraction.

"Everyone is fascinated by the behind-the-scenes innovation showcases," she says. "It's like the equivalent of having the *60 Minutes* announcement of the drone every few months."

A spot in SoHo wouldn't be the company's first testing of the retail space. Late last year Google launched Winter Wonderlabs, or pop-up shops in six cities around the country that showcased its latest products during the holidays, signaling what many speculated as a precursor to a more permanent presence.

Aside from a groundbreaking foray into retail, Google is also playing catch-up. While Apple pioneered the tech retail space through its harmonious ecosystem connecting its hardware and operating system, Microsoft and Windows struggled with tying its devices into their software-driven business. It's hard to measure the success of the Microsoft store -- which launched in 2012 -- since the company doesn't disclose revenue for its retail operation, but Microsoft is far from making its hardware as popular as Apple or Google.

Google has little worry about Android claiming the biggest market share of handset operators, which sends customers back into its operating system and shares the information and data that Google thrives on.

"Google has had more success than Microsoft in penetrating with their hardware devices and going at it from a different route," Morningstar analyst Peter Wahlstrom says. "If you have a touch-point within a particular environment, that could lend itself to a very good user experience."

By creating a flagship store, the tech giant could worry less about pushing units of phones and more about engaging the public in products like Google Glass and Google smartwatches, initiatives like Google Fiber and driverless cars while also setting up an information service akin to the Apple Genius Bar and creating an experience destination in one of NYC's most well-tread, posh neighborhoods.

Indeed, even Samsung is creating studios within Best Buy, which is desperate to keep afloat by maximizing the store-within-a-store concept. According to the warehouse retailer's fourth-quarter results, Best Buy currently operates 1,400 Samsung and 600 Windows pop-up stores, creating more of an exhibition hall than an electronics store.

Jan Dawson, chief analyst at independent tech research firm Jackdaw, imagines a similar concept for the possible Google flagship.

"It makes a bit more sense the store would be around telling the Google story," he says. "Like Samsung studios, it might be more about absorbing their vibe and evangelizing the way of doing things instead of shifting a lot of boxes."

As Apple demonstrates, creating your own space allows a brand to control the messaging and delivery of products and services. Regardless of whether the alleged NYC flagship is successful, the value is in the marketing and public relations aspect for the rest of the company.

"You have all these different facets of Google that people think about, but never actually put together," Wahlstrom says.

Opening a shop amid some of NYC's most expensive real estate may help Google customers put all the pieces in place.

CRAIN'S

NEW YORK BUSINESS

Monday, March 10 - 16, 2014

Greene Street turns to gold with potential new tenant

The hottest block in hippest retail nabe to sizzle as Google eyes first storefront.

BY DANIEL GEIGER



Ten years after Louis Vuitton bravely opened a store on Greene Street, the onetime quaint SoHo back-water is emerging as the neighborhood's rising star. As a magnet for high-end shops and shoppers alike, it now rivals glitzy Spring and Prince Streets—not to mention SoHo's original top draw, West Broadway, two blocks to the west of Greene Street.

"It's become the little Madison Avenue of SoHo," said Faith Hope Consolo, chairwoman of Douglas Elliman's retail group.

Today, behind its five-block-long row of handsome storefronts, many of them cast iron, are such high-end retailers as Dior Homme, Stella McCartney and Tiffany. More are streaming in all the time, and a big one looms on the horizon.

Retail experts say that deep-pocketed tech giant Google is near to signing a lease at 131 Greene St. for what would be its first brick-and-mortar store in the country. Some say its arrival could put Greene Street on shoppers' maps, just as the arrival of another tech titan did for a nearby Prince Street 13 years ago.

"This could do for cobblestone Greene Street what the Apple store did for Prince," said Richard Hodos, a retail leasing broker at CBRE, referring to the Apple store on the corner of Prince and Greene streets that became a retail phenomenon in SoHo. "This is going to be an attraction that will generate excitement for Greene Street, that people will want to come and see."

Already, the street's status with well-heeled shoppers is stoking a run-up in rents and property prices. In just the past two years, average rents have doubled to more than \$300 per square foot, several brokers said. In the one block that sits between Prince and Spring Streets—the arteries that feed most of the street's foot traffic—the jump in rents has been even more dramatic.

Google it

Those gains in turn are pushing up the prices of properties along the street. A case in point is 57-63 Greene St., whose 8,000-square-foot ground and basement retail space David Schechtman, a broker at Eastern Consolidated, sold two years ago to a partnership led by Thor Equities for \$17.25 million. Recently, Mr. Schechtman said, he received unsolicited offers for the same space as high as four times that sum, a whopping \$70 million.

"What changed to create that value?" Mr. Schechtman said. "The feeling that rents will rise higher."

In another sign of Greene Street's changing fortunes, Mr. Schechtman and his brokerage partner Adelaide Polsinelli said they have sold 14 buildings on Greene Street in as many months.

Property experts note that to date, the strip of the street—which runs from Canal Street up to Houston Street—that has been the biggest benefactor of the rising foot traffic is its northern section, above Prince Street. The fashion brand Costume National, for instance, previously had leased space on Wooster Street and then on Mercer, before jumping to 150 Greene St., just south of Houston, in 2012.

"We definitely see more shoppers coming up here," said Ryan Bollwerk, looking out the store's expansive front window—displaying such fashion goodies as \$790 black pumps—to Dior Homme, which moved in the same year. "We feel like we're gaining more notice."

Google could draw even more traffic in Costume National's direction. According to sources, Google plans to open an 8,000-square-foot store at 131 Greene St., less than 200 feet below Houston Street.

Louis, Louis

Meanwhile, even Louis Vuitton, the street's upscale pioneer, whose famous LVM-emblazoned hardcase luggage chests go for \$8,300 a pop, is mulling an expansion of its bet on the block. Louis Vuitton has twice expanded its flagship at 116 Greene St., snapping up abutting storefronts. Now it is rumored to be in talks to expand for a third time, into space that would bring its store all the way to the corner of Greene and Prince Streets. The potential deal, at 122 Greene St., would be significant because it would entice shoppers along Prince Street to turn onto the block.

At this point, even Greene Street's relatively sleepy southern half is perking up. Michael Ruple, director of Arcadia Gallery, which offers \$40,000 oil paintings by contemporary artists like Daniel Adel and Malcolm Liepke, said the gallery had considered moving just 100 feet north, past Broome Street, late last summer.

"But the rent was \$100,000 a month instead of the \$30,000 we pay here," Mr. Ruple said. "We just renewed our lease here for 10 years, and we have the feeling it may be the last time we're able to afford to."

The New York Times

Wednesday, March 5, 2014

Business Day Square Feet

BY ROSALIE R. RADOMSKY

RECENT LEASE

\$100/SQUARE FOOT

221 East Broadway (at Clinton Street)

Manhattan

Ten-year leases are available for seven commercial spaces totaling 4,000 square feet in this six-story Lower East Side walk-up. Two of the spaces are now vacant — a 600-square-foot space that was formerly Pushcart Coffee on East Broadway, and an 825-square-foot space that was previously the Manhattan Deli on Clinton Street. The former deli space is contiguous to five other spaces and could be combined with them. They range from 300 to 1,100 square feet and their leases run until next year.

Owner: Mayflower 221 L.L.C.

Brokers: Arthur Maglio, Faith Hope
Consolo and Joseph Aquino, Douglas
Elliman

Thursday, January 16, 2014

COMMERCIAL REALESTATE

West Broadway continues ‘second wind’ revitalization

BY LOIS WEISS



A series of leases and building buys along West Broadway in SoHo is putting the avenue back on the must-have map.

Once the darling of the art gallery and restaurant scene that created the original hip zeitgeist of Soho, West Broadway has lagged other area streets in both rents and façade upgrades.

Now a series of new building purchases, new retail leases, and high-priced condominium development is raising the area’s stock.

“The economy is strong and I think a lot of people are viewing it as an opportunity to have a great foothold in the market and reap the rewards,” said Christopher Owles of Sinvin Real Estate, who has been involved with, or is aware of, a number of transactions along West Broadway.

Luxury brands kicked off the side-street leasing trend on Mercer between Prince and Houston, with rents around \$200 per square foot where they had once been in the \$100 to \$200 per foot range.

“Retailers took notice and quickly followed the pioneers like a herd of stampeding buffalo,” said Jared Epstein, Aurora Capital’s Vice President of Leasing and Acquisitions. Space is now scarce so rents have been driven north of \$500 a foot on both Mercer and Greene Streets and well over \$1,000 per foot on Prince and Spring Streets.

“West Broadway has finally begun its revival due to the fact that it is now the least expensive option in SoHo for retailers,” Epstein added.

Peter Hauspurg, chairman of Eastern Consolidated, agreed: “West Broadway appears to be gaining traction, as Greene Street has rents that have tripled in three years and Mercer between Houston and Prince begins to attract the highest end luxury tenants.”

“West Broadway is also a straight line south to the growing activity in FiDi,” said Faith Hope Consolo, chairman of Douglas Elliman Retail, who predicted a rise in rents and a swing by retailers onto West Broadway in 2011. “And when condos are selling above \$20 million on the street, that does encourage high-end retail to locate there.”

Joseph Sitt’s Thor Equities is now in contract to buy the 2,150-square-foot 452 W. Broadway, near Prince, for \$6 million. The 20-foot wide structure has a giant glass window that spans upwards over two stories. Thor is already marketing the retail space for a total of \$800,000 per year or a blended \$372 per foot.

Yogurt store Chobani is in the process of nearly doubling in size on the corner at 150 Prince, which also has a 436 W. Broadway address. In the same building, Moleskine leather and Aesop’s skin care line took small stores where Happy Socks and Robert Marc are already ensconced.

Town Residential leased space for a local office in No. 337, at the corner of Grand, which opened just a year ago. At the time, the asking rent in the building, repped by Owles, was about \$200 per foot on the ground and \$75 per foot for the second floor.

Max Studio’s lease is up in February at No. 426 and its 3,500 feet are being marketed through RKF with an asking rent of \$300 per foot. La Perla relocated from Greene St. and Just Cavalli moved next door to 430-432, which has arched windows and a set-back upper floor. No. 415, which has a mix of upstairs offices and retail, sold over the summer for \$41 million to Ralph Tawil’s Centurion Realty with ASB Capital.

DSquared2 has just leased No. 402, at Spring Street, where it will have 2,200 square feet on three levels. Owles of Sinvin Real Estate represented the ownership in this deal, which had an asking rent of \$750 a foot. Last year, the Barolo Restaurant was booted from 396-398, clearing the way for Ladurée to lease No. 398, while Bonpoint grabbed No. 396.

Real Estate Equities Corp. purchased No. 375 last year for \$81 million. Anthropologie is the retail tenant in about 11,000 square feet with 43,689 feet of offices available above it with an asking rent of \$70 a foot through Jones Lang LaSalle.

The same owner of No. 402 and 396-398 has kept his prime No. 372 on the corner of Broome St. vacant since buying out Tommy Hilfiger. “They have been waiting for all these stores to be leased and open,” explained Owles, who is the agent. “It has four levels of legal SoHo selling space that is irreplaceable.” The asking rent is \$1.75 million a year for the entire building and comes to a \$150 per foot blended rent.

Early last year, the 11,115-square-foot retail space occupied by Treasure & Bond at No. 350 sold for \$25.5 million through Jones Lang LaSalle to Eliot Spitzer’s family company. Cushman & Wakefield is currently marketing the space for rent.

In 2012 DDG Partners bought the four-building Tootsie Roll factory complex at No. 325 on the corner of Grand St. for \$38.35 million where they are developing a new, nine-story condominium with retail space. The building also has Wooster St. frontage.

“The street is a puzzle and is finally starting to take shape,” Owles said.