

RETAIL MARKETS

Retailers banking on downtown spaces to add panache

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In 1977, the headquarters of US Steel Corporation at 71 Broadway was converted for residential use. At the time, the developers could hardly imagine that they were pioneers starting an ongoing trend in Manhattan's Financial District. It took more than 30 years for the area to evolve into an "around-the-clock" neighborhood.

Currently, the Financial District (South of Chamber Street) has approximately 600 buildings, according to CoStar. The Downtown Alliance reported 296 residential buildings in December 2007. Only 15% of these buildings were originally residential; 85% have been converted, mostly between 1980 and 2007. Some 29 buildings are under construction — 10 new developments and 19 conversions.

All this new residential activity created enormous demand for goods and services in what was becoming an underserved retail environment.

The population of Downtown has grown from approximately 14,000 in 1990 to 60,000 in 2008. No wonder that national and international, upscale and aspirational retailers hurried to take advantage of the untapped consumer market of new residents, not to mention the millions of visitors every year.

A tenant looking for space in the Financial District has a vast choice of retail spaces in new luxury developments,

as well as an opportunity to rent a former banking hall just turned into a classy retail space. But are the former banking halls suitable for any retailer?

"Not every retailer can call a historic building home. On one hand, they have to be flexible and to have a vision to adjust to a space with its own style. On the other hand, their concept has to have a certain dignity to fit well with such a classy building," said Darrell Rubens, managing director of Winick

Realty Group, who has leased and is currently marketing numerous spaces in the Wall Street area.

The domed lobby behind the decorated bronze door at 20 Exchange Place has red marble columns that rise 25 feet high. The gold-toned travertine floor leads to the grand staircase that takes you to the

former banking hall of the City Bank Farmers Trust.

Planned as the first, but completed as the fourth tallest building in the world in 1931, the former headquarters of Citigroup has been recently converted for residential use, creating up to 100,000 s/f of retail and/or restaurant opportunities.

"The right tenants for these dramatic buildings have to be creative to utilize the space's charm and class giving it a modern touch. It's hard, but when executed with care, the result can be an astonishing retail space," said Michael Worthman of Winick Realty, who is marketing the space at 20 Exchange Place

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with Rubens.

Tiffany also does it with class as it did at 37 Wall Street, in the former headquarters of The Trust Company of America. Thomas Pink became a perfect match for 63 Wall Street, the former corporate headquarters of banking giant, Brown Brothers Harriman & Co. until 2003, when the Art Deco masterpiece was converted into a luxurious residential property, The Crest, by Metro Loft.

Hermes did it successfully at 15 Broad Street, in the former headquarters of J.P. Morgan Chase, built in 1926 and converted in 2005. So will Canali at 25 Broad Street, in a space adorned with artistic terrazzo floors, marble pilastered walls and ornately-coffered 18-foot ceilings. The Exchange at 25 Broad Street is the former headquarters of Paine, Webber and Company. It's obvious that such

names like Tiffany, Hermes, Thomas Pink and Canali, with their own history of decades and centuries, make the perfect match with the old, classy buildings of Downtown.

"Most of these buildings are protected landmarks. While some retailers try to avoid them, elite retailers are fighting over these addresses, generating a "follow-the-leader" reaction," said Rubens.

Luxury brands such as Gucci, Cartier, Prada, Barney's, Bulgari, Todd's, as well as supermarkets Trader Joe's and Citarella and many upscale restaurants are looking for spaces Downtown, according to various sources.

These high-caliber retailers are forming the perfect synergy with historic buildings Downtown making the former banking halls and spectacular public spaces hot commodities. ■