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CHAIN REACTION

Big names are among those on the lookout for NYC retail space

THE search for retail spaces continues unabated even as rents are percolating upwards.

Brokers say food tenants like Chipotle, Potbelly, Panera Bread, Coffee Bean & Tea Leaf, Five Guys and Shake Shack are voraciously looking. Bigger spaces are needed by CVS and Duane Reade, as well as banks including newbie BankUnited, Chase, Citibank, TD Bank and Doral from Puerto Rico, which just took three locations.

Fashion tenants are on the hunt as well. H&M, Forever 21, Sephora and Nike are all scouring the sidewalks for advantageous spots even as rents along Madison and Fifth Avenues, in Times Square, SoHo and the Meatpacking District have all risen.

"Rents came down in prime areas but the tenants jumped right in," says Kim Mogull, CEO of Mogull Realty. "Now that rents are rising, the owners are smart enough to grab the tenants while they can. New York always comes back, and anyone who is a long term-player knows it."

Mogull is currently seeking prime spaces and corners for her client, BankUnited, along with her restaurant and bar tenants: the One Group, 48 Lounge and Hospitality Holdings.

On Madison Ave., Faith Hope Consolo, chairman of Douglas Elliman Retail, says the company is doing key money deals because most of the holes have been filled. "We are still relocating people from the Carlton House," she adds, which is being cleared out and redeveloped for new retailers.

Consolo is representing the introduction of Which Wich, a sandwich spot from Chicago that she says "wants to go head-to-head with Au Bon Pain."

In SoHo, Ariel Schuster, executive vice president of Robert K. Futterman & Associates, says leasing on the interior streets has intensi-



Elizabeth Lippman



Large chains like Sephora (above) and H&M are actively hunting for more retail spaces, as are the big banks and pharmacies.

"The market seems vibrant and active," says Jeffrey Roseman, executive vice president and principal with Newmark Knight Frank Retail.

Even so, he says deals now take a long time as every retail company has six to eight people involved in-house, from the chairman to real estate to construction and design people. "The bigger the company, the larger the bureaucracy," said Roseman. "Whether it's a 1,500 foot store or a 20,000 foot store, it's a way of life now."

Mogull believes the market is at a point where both sides are motivated to make a deal.

"I have been through a number of cycles and now it's a transaction-oriented environment," she says. "You have active tenants and responsive landlords."

Every little space is also being maximized. "Owners are reconfiguring and reusing idle spaces," says Mogull, who has been involved in several deals where building owners joined a street retail presence with underutilized lower level, lobby or even outdoor spaces to make fabulous deals.

"You are seeing rooftops and mezzanines, lower levels and terraces all becoming income streams," she adds.

— Lois Weiss

fied, with Greene, Mercer and Wooster Streets filling in with luxury merchants. Tiffany & Co., for instance, leased 10,500 square feet at 97 Greene St.

Joanne Podell, executive director of retail services with Cushman & Wakefield, said retailers are beginning to understand that Downtown is another city and that the opening of the 9/11 Memorial is driving even more tourism. Podell is currently representing 127,000 square feet of retail at 23 Wall St. by the New York Stock Exchange.

But some brokers are still advising clients to wait and see Westfield Group's detailed plans for its mega luxury mall under the World Trade Center. "Everybody is on hold on Wall Street because they don't want to go in and then find they missed the opportunity at the World Trade Center," says Schuster. "Everyone wants to see how the plans shape up."