



RetailRealEstate

Capital gains

By LOIS WEISS

THE Crossroads of the World have become the capital of retail, bolstered by an increase in tourism as well as a plethora of shiny new office towers — and even an upcoming residential condo building.

Because the demographics are so broad, the spectrum of retail now encompasses everything from school touristy T-shirts to the first hint of luxury goods in a concentrated, ten block radius.

"It's a melting pot of people and retailers," said Kim Mogull, President of Mogull Realty who is representing the retail space at Times Square's first luxury condo, 1600 Broadway.

"The line forms to Cleveland on the left, and we are telling people to be patient until we know the larger footprint for the street level entrance to the entire second floor," said Jeffrey Katz of Sherwood Equities, who is developing the condo

tower where more than 100 of the 134 units are already spoken for. He's now weighing three credit offers for an entry way plus the entire second floor.

Katz noted that while tourists have plenty of retailers to choose from, the office workers are "tremendously underserved."

The Katz condo tower at 1600 Broadway is located smack in the class of what has become a Class A commercial office district and now headquarters to Lehman Brothers, Morgan Stanley, Proskauer Rose, Ernst & Young, Conde Nast, Skadden Arps, Bertelsmann, Reuters and soon, Bank of America.

"There is an untapped, underserved, sophisticated customer base starving for high-end retail," said Mogull.

"There is huge demand and also no supply of small spaces so it's no surprise that we are getting north of our asking price for the street level retail."



Not just for shopping any more: There will be condos above the retail at 1600 Broadway.

"That started at \$400 a foot but the offers were all above and now they won't take less than \$450 a foot, she said.

Mogull also represented Godiva, which targets the higher end corporate customer, in its deal to locate in the Lehman Bros. building at 745 Seventh Ave., while Hershey is located just one block away.

"It's no secret how well

both are doing," said Mogull.

Mars, purveyors of the Milky Way, is trying to follow in the chocolate vein and brokers say is now actively looking along the Great White Way, along with effervescent Pepsi, a company that for decades has boasted a prominent signage spectacular but is now seeking a retail store.

"It's the hottest market in the city," says Robert K-Futterman of Robert K. Futterman & Associates.

He's walking with Forever 21, while American Eagle and Guess are also trying to land spots in the Square.

They are hoping to join Ecco, which is building out a 15,000 foot sales floor at 215 W. 42nd St., Champs at 5 Times Square, and Skechers USA and Quicksilver at 3 Times Square along with other urban outfitters.

Billabong moved into 1515 Broadway, and, while closing time was to be 10 or 11 p.m., is now staying open anywhere from 2 a.m. to 3 a.m.

"The manager says they could stay open all night but they have to give their staff a rest," said Jeffrey Roseman of Newmark Retail who represented the company.

Both Billabong and Quicksilver are also doing in excess of \$3,000 a foot in sales.

"It's incredible and three or more times what a retailer would consider successful," added Roseman, noting, "The traffic counts are staggering."

According to the Times Square Business Improvement District, there are 158,000 people with a spending potential of \$460 million annually along with 40,000 households in the immediate area with median incomes of \$75,000, which provides an additional residential spending potential of \$74 million annually.

These numbers do not even include Rockefeller Center or the Sixth Avenue corridor, only one block away. Once included, the numbers explode.

David LaPierre, senior vice president CB Richard Ellis, noted the area has become the Capital of Branding and Media.

"It's the Capital of Exposure," LaPierre quipped.

"A lot of the retailers are urban customer based or denim," said Laura Pomerantz, principal of PBS Realty Advisors whose company represented both Ecco and Champs. "That is the product that drives business in Times Square."

Both Pomerantz agrees that because the tenancy in the new office towers has added lawyers, accountants and financiers to the media wizzes of Viacom, MTV, Conde Nast and ABC's Times Square Studios, there has become a need for more mainstream national retailers with broad appeal for their product.

"A good men's retailer with a broad price range would do well," Pomerantz said, pointing to Mens Wearhouse, Jos. A. Bank or Brooks brothers as potential candidates.