



Commercial Real Estate

Creating a buzz

Good brokers think outside the box

By LOIS WEISS

BROKERS do much more than hang up a sign or walk clients around spaces.

They also add street smarts, historical knowledge and thinking outside of the vanilla box, all with the intent of adding value for their clients.

When Faith Hope Consolo, now vice chairman of Garrick Aug Worldwide, first started brokerage many years ago, store fronts were often dismissed as the last piece of an office or residential puzzle, and not something to get much value out of.

"It was around 1987 and I had my first exclusive with Philip Milstein in a Broadway building where they had a filthy eatery," she recalled. "I made him redo the whole space, designed a new storefront, and made it an important blockfront. The rent went from \$10 to \$100 a foot and we brought in tenants like Ann Taylor and Innovative Luggage."

Another Garrick-Aug broker, Andrew Pittel, recently finished up a deal where he represented both the building owner and the tenant.

The building owner called and asked Pittel for his opinion. The owner had a tenant in place with a lease up for renewal with a rent of \$2,000 at a great side street location near Grand Central.

Pittel hung up the phone and went to look at the space.

"Regardless of whether or not I had a tenant, I knew that the space was worth double that," he said. After reporting the information to the owner, he then called a tenant he had in mind, and started cutting the deal.

"It's a good space, it's not over the tenant's budget and it worked out beautifully for both sides," he noted. "I brought a credit tenant to this space to pay the rent, and was able to invest hundreds of thousands of dollars to the benefit of the owner."

In the year 2000 and early 2001 when "No Vacancy" signs were lit on office buildings all over town, finding a big block was nearly impossible.

David Falk and his Newmark team were representing Chelsea Market, as well as a division of Havas which needed about 45,000 square feet.

Just when the lease was ready



Kim Mogull of Mogull Realty moved Donald Trump's retail space at Trump Plaza with a campaign worthy of "The Apprentice." Michael Sotirovski

to be signed, the Havas parent said they would actually take yet another 36,000 square feet for a sister company, but Falk needed to get rid of the offices they occupied at 320 W. 13th Street.

Falk's group also represented the Wolf Group, which needed nearly that amount, and agreed to take it all.

At the last moment, however, Wolf's parent company said they would not sign the deal unless Falk got rid of some of that space. Within days they were able to sublease one floor on 13th Street to yet another tenant.

"None of the tenants were willing to do the deal without something else happening, and this all had to be done the same time," said Falk.

"There were a lot of moving parts and we did it all in 45 days. You couldn't do a deal like that today in the same time frame."

Steven Durels of SL Green Realty Trust recalled when they bought the Graybar Building at 420 Lexington Avenue. None of their initial assumptions included the value from some old storage areas.

Eventually, the company cleared out several small retailers located in the lobby, along with one restaurant on the 42nd Street side and rehabbed dead storage areas "that no one ever envisioned could be retail."

The entire 24,000 square-foot combination was leased to Equinox which, together with the SL Green \$10 million capital improvement program, helped add to the attractiveness of the entire property.

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an amenity," said Durels.

Some brokers move tenants but others move buildings.

Billy Cohen of Newmark recalls a tired older building with a side street address of 100 E. 42nd Street and a patchwork of tenants.

Disney hadn't yet been seduced so Cohen changed its formal address to 125 Park Avenue — which was on the other side of the building. It instantly upscaled the tenor of the property. But then there was the inside.

"None of the doorways matched," he laughed. "It was like Masada with different levels of civilization as you walked along."

The firm's market research showed there was a shortage of Grand Central area buildings with floorplates of 20,000 square feet.

By moving around tenants and making corporate type improvements to the building, Cohen created the block of space that eventually became the magazine company Meredith's headquarters of 120,000 square feet.

Cohen advises bringing in a broker before even buying the building.

His clients wanted to buy 1710 Broadway, a non-descript building that had been owned by a union and would be delivered vacant and had never been on the market before.

To appeal to an entertainment company, Cohen and Newmark created an illusion through a marketing photo that was colorized to show a red roof and included an image of "your name and lights on Broadway."

They soon ended up with another team of Newmark brokers, Brian Waterman and Lance Korman, bringing by Sean "Puffy" Combs for a walk-through and subsequently getting a lease for all the office floors in the building.

"The deal was negotiated and signed and they didn't even own the building," recalled Cohen.

Sometimes it also takes guts to advise a talented owner.

That's what happened when Kim Mogull of Mogull Realty took a look at Donald Trump's retail space at Trump Plaza.

First, her gut told her the space was larger than had been previously advertised. Mogull

talked The Donald into hiring an architect to remeasure, who eventually added about 300 square feet.

Then she talked him out of renting to another restaurant, explaining that if he wanted more bucks, he's have to forego a foodie.

Mogull also wrapped the Third Avenue and 61st Street corner with a huge sign proclaiming "DONALD TRUMP WANTS YOU to lease this space."

Within weeks, the national furniture retailer Select Comfort led by broker Bill Crisp, had put its credit on the line for its first city flagship, adding several hundred thousand dollars more to the yearly rent than Trump had previously expected.

Finding space for a tenant in a compatible building isn't always easy.

Laura Pomerantz and Betty Emde of PBS Realty Advisors were working with Trey Laird, a publicist who needed a lot of space in a leading-edge tenanted building.

"Here is a company that deals with branding and imaging, and by bringing him to 475 Tenth Avenue it created value for him at a very reasonable price," said Emde.

"He would have never gotten enough space and a whole floor of over 18,000 square feet with light and air, along with compatible tenants like Ian Schrager and Richard Meier, anywhere else," added Pomerantz.