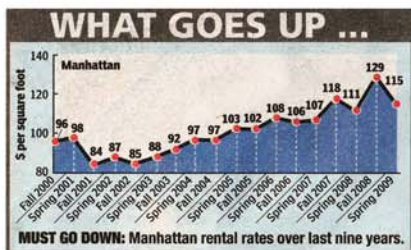




### COMMERCIAL REALESTATE



# Rent bargains

With prices falling, landlords are open to dealing

**B**ROKERS are pounding the pavement with what are suddenly legions of retailers eager to check out bargain basement prices.

According to the Real Estate Board of New York's retail report, asking rents on Madison Avenue have declined 14 percent since last fall, while rents on Broadway on the Upper West Side are off 5 percent and Fifth Avenue rents in the 50s are down 3 percent.

"Certain Upper East and West Side areas are coming back to [pricing] where they were before the banks made the rents too prohibitive," said Jeffrey Roseman, executive vice president of Newmark Knight Frank Retail. "Now the rents are corrected and back to where they should be."

These drops have provided unprecedented opportunities for retailers to find plum spots at more affordable pricing levels.

There were areas where REBNY found rents actually increased — such as the stretch of Fifth Avenue in the Flatiron District and the Broadway corridor in SoHo.

Retail brokers attributed those gains to owners who were unwilling to modify early asking rents — due to uncertainty — and instead offered longer free rent periods and generous build-outs.

Kim Mogull, president and CEO of Mogull Realty, said this is an excellent opportunity for smart tenants to recognize this window of opportunity.

"Asking rents have dropped and landlords are in touch with the market. There are deals to be made where both parties are winning," Mogull said.

Mogull for instance, is now aggressively seeking space for the One Group's restaurants in Midtown.

"Midtown is lacking cool restaurants and lounges," Mogull noted.

She is also busy with several other food-oriented tenants, including Megu and Crush, the high-end wine store.

Similarly, Roseman is working on deals with Chipotle and CVS.

"There are a lot of food and quick service tenants in the market," Roseman said.

Still, brokers report that despite a lot of smaller deals being completed, the larger ones are taking longer than in the past.

"The larger deals are more project-oriented and are taking more time and they are a balancing act," said Cory Zelnik, president of Zelnik & Co.

"In the old days — just six to nine months ago — you could get a sense of deals and timing, but now when they are large deals you can't estimate." — Lois Weiss