



POST FOCUS ON COMMERCIAL REAL ESTATE

Time-out seen in skyline war



BETWEEN THE BRICKS

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THE Empire State Building just might keep the 34th Street skyline to itself for a few more years.

Sources tell us that Vornado Realty Trust is putting off constructing its taller challenger to the west at 15 Penn Plaza until market rents reach a point where it's worthwhile to redevelop the site with an office building.

In the meantime, Vornado is mulling plowing millions of dollars into renovating its Hotel Pennsylvania, a dowdy cash cow that now sits on the future development site at Seventh Avenue between West 32nd and 33rd streets, across from Penn Station and Madison Square Garden.

"It could cost \$30 million just to renovate the rooms," said one executive who was not authorized to speak on the record. "It's 1,000 rooms and everything adds up."

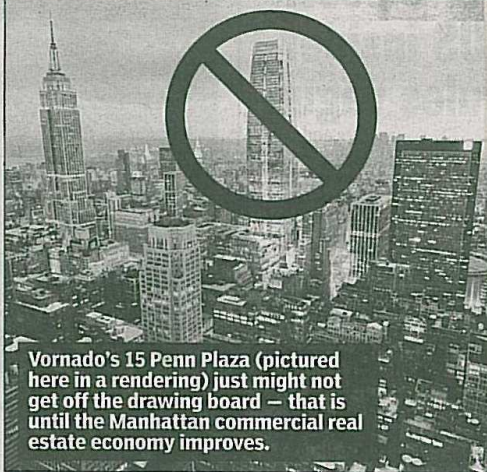
Vornado would also commit millions of dollars more to update the lobby and common areas.

In December 2007, Vornado was days away from signing a lease that would enable it to develop a new tower and trading floors for Merrill Lynch when the Wall Street firm switched CEOs and gears amid its deepening financial crisis.

Since then, financial firms that would be the natural anchor tenants have found themselves cutting headcount and putting off major moves until the global economy improves.

Vornado is also facing increased competition for anchor tenants as Brookfield readies its \$5 billion, four-tower 5.4 million-square-foot Manhattan West site on Ninth Avenue and Related Cos. gets traction on the West Side with Coach becoming the first tenant/owner for the first Hudson Yards tower.

Scratch that



Vornado's 15 Penn Plaza (pictured here in a rendering) just might not get off the drawing board — that is until the Manhattan commercial real estate economy improves.

Downtown also continues to be redeveloped with four World Trade Center towers and availabilities in Brookfield's World Financial Center, along with **Edward J. Minskoff's** redevelopment of 101 Ave. of the Americas, as Post colleague **Steve Cuozzo** reported yesterday, and his spec building at 10 Astor Place. There is also ready-to-go space in 11 Times Square.

TJ Maxx is coming to the Fulton Mall in downtown Brooklyn. The fashionista's favorite retailer will move into about 23,000 square feet on the lower level of the mall at 505 Fulton St. by spring 2013. The former department store is owned by and is being repositioned by the Laboz family of United American Land.

The family also owns the neighboring 497 Fulton where H&M will open next year.

Peter Ripka of Ripco Real Estate represented both sides in the TJ Maxx deal that had an asking rent of a modest \$40 a foot — at least by Manhattan standards.

Family head, **Albert Laboz**, is chairman of the Fulton Mall Improvement

Association, and United American Land was recently selected by the city to redevelop the ground floor of the Brooklyn Municipal Building into retail.

Renzo Gracie Academy has just leased an industrial building at 100 Bayard St. in Williamsburg, where it will create a 14,000-square-foot all-encompassing gym and training facility.

"This is a nice modern warehouse, and they will put some money in it and it will become a training center," said **Josh Segal** of Sholom & Zuckerbrot, who represented the building along with colleague, **Larry Smith**.

Joseph Katz, a partner in the venture, says the facility will include all kinds of athletic training. Along with Brazilian-style martial arts, there will be areas for "regular" gym equipment, boxing and other athletic training. "You won't have to join separate gyms," Katz said.

The former garment factory had an asking rent of about \$22 a foot, with the tenant paying the real estate



See **BRICKS** on Page 58

View not obstructed

BRICKS from Page 56

taxes directly to the city.

"I had a lot of activity on the building and most of the prospective tenants were gym or health club or yoga related," added Segal.

HFP Capital Markets, a division of Hudson Financial Partners, will be moving in two stages to the entire eighth floor of 13,100 square feet at 386 Park Avenue South. The company is currently in 12,000 square feet at 685 Fifth Ave.

The first move early next year will be to an 8,600-square-foot pre-built suite that was designed by the Spector Group. The office has eight-foot wooden doors, oversized energy-efficient windows, a new reception area and a glass-front conference room. Later, when construction is completed, the company will expand to the entire floor, which already has a new elevator corridor.

HFP was represented by **John P. Moran III, Hope Brodsky** and **Neil Goldmacher** of Newmark Knight Frank. **Jordan Berger** represented the Savanna and Monday Properties ownership.

An entity controlled by **Howard Lorber** has sold the operating lease for the Renoir House, a 15-story apartment building with 150 units, at 225 E. 63rd St. for \$44.5 million to San Francisco-based Carmel partners. Neither company returned calls.

According to city documents, the original 55-page 1966 ground lease with Sol Goldman provides for a series of 21-year options, with the last lease ending April 14,

2189 and annual rent of \$142,200 per year.

The owners of the Keg Room, an Irish pub that has already surrounded Manhattan with several locations, have signed a 20-year lease at 53 W. 36th St. The asking rent for the 8,400 square foot spread was \$70 a foot.

Edward Reilly of Reilly Real Estate brought the tenants to the changing neighborhood while **Steven Hildary** of Hidrock Realty represented the ownership in-house.

The space was previously occupied by three "underperforming" retailers and is now being completely reconfigured by Hidrock along with the restaurant owners, **Joe and Mary Carty**.

The former Chung King rap studio will get Relevant instead. The experiential ad agency and viral event marketing firm Relevant Group, is moving to the 10,095 square feet on the top, 12th floor of 10 Hudson Square. The asking rent was in the \$40s per foot.

David Horowitz of Studley represented the tenant, which is a division of MDC Partners. MDC has four other companies in the building: Attention; Kwittken; Vitro; and Kirschenbaum Bond Senecal + Partners, the largest tenant, with 111,288 square feet of the 350,000-square-foot building.

The building owner, Trinity, had an asking rent of \$40 a foot and was represented in-house by **Tom Lynch**.

Relevant will move next year from space a third of the size at 27 W. 24th St. in the Flatiron District.

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