

Tuesday, March 24, 2015

## REALTY CHECK

### First Avenue storefronts are actually the ‘Real Deal’

BY STEVE CUOZZO

A “Luxury Listings” supplement recently published by The Real Deal magazine described the “less than luxe” Upper East Side east of Lexington Avenue this way:

“... the land of bodegas, never-ending Second Avenue Subway construction and empty storefronts on First Avenue.”

Now, we don’t know where to start here — for one thing, a “bodega,” defined as a Hispanic-owned grocery, is hard to find anywhere on the UES.

Because The Real Deal is normally an estimable publication, we’d normally let such a silly perception of the Upper Cheap Side pass. Anybody can overlook the \$37.94 million apartment sale at The Charles at 1355 First Ave., right? Nobody’s perfect.

But since some of us who cover real estate call the nabe (First Avenue in particular) home and know it well, allow us to point out one annoying fact:

There are few empty stores on First Avenue — just 10 of them from 59<sup>th</sup> Street to 86<sup>th</sup> Street, or a mere 0.37 per block.

But on Madison Avenue — which the article writer seems smitten with — 23 storefronts stand empty between 59<sup>th</sup> Street and 86<sup>th</sup> Street, many along the most desirable blocks in the 60s and 70s.

Which is the healthier commercial corridor?

We came by our data through an old-fashioned method known as walking and counting.

Even that 10-23 score is unfair to First Avenue because many of its empties are postage-stamp size, while several of Madison’s vacant properties take up large, prominent corners — like 854-864 Madison, where the landlord filed an eviction notice against Juicy Couture, according to a window sign.

First Avenue doesn’t need me to uphold its honor. It’s thriving with Bed Bath & Beyond, the great gourmet market Agata & Valentina, entertainment venues (Dangerfield’s, Session 73), and cafés offering every cuisine.

And far be it from us to sneer that the “Tale of Two Upper East Sides” is based on not-quite breaking news — namely, that mostly prewar Fifth, Madison and Park Avenues are pricier than mostly postwar First, Second and Third (although not much pricier than York and East End).



More meaningfully, the story reflects the mind-set that misinforms Manhattan market perceptions. In a beat driven by brokers' hype, streets lined with "Prime Retail Available" are regarded as hot, while those that show nary a vacancy hardly merit a mention.

To brokers chasing giant commissions, Madison Avenue is the gold-paved highway. As we were writing this, a release popped into our e-mail announcing that RKF is marketing empty stores at 955 Madison between 75<sup>th</sup> and 76<sup>th</sup> Streets — "an opportunity to be part of a rapidly transforming section of Madison Avenue."

The release accurately mentions glamorous recent deals arranged by RKF, including for Gianvito Rossi and Annick Goutal. But the best transformation would be a market where stores found takers promptly when they became available.

Quick turnarounds occur more often on lowly First Avenue, which has benefited from stores and cafés fleeing construction-ridden Second Avenue. Its retail landscape is rock-solid.

Our avenue tallies counted only spaces meaningfully "empty" (vacant and up for immediate lease).

They didn't include storefronts at development-in-progress sites (because the retail portion is substantially complete, we included several storefronts on the market at 680 Madison, the former Carlton House being redeveloped as condos, where two leases have been signed). Nor do the tallies include "empty" stores at obvious demolitions sites, like the southwest corner of First Avenue and 86<sup>th</sup> Street.

Nor does the higher Madison sum include locations that look empty but are pre-leased — e.g., Apple at 940 Madison and Annick Goutal at 740 Madison.

Douglas Elliman retail whiz Faith Hope Consolo insists, as brokers tend to do, that the whole Upper East Side "has the lowest vacancy rate in 12 years and the most demand."

More specifically, she cites the well-known but still astounding rent gulf between First and Madison Avenues.

On First, Consolo said, asking rents run \$175 to \$200 per square foot near 59<sup>th</sup> Street and fall in stages to \$100 above 81<sup>st</sup> Street.

In comparison, she said, Madison Avenue "asks" may be \$2,500 per square foot from 59<sup>th</sup> to 62<sup>nd</sup> Streets, sagging to a "mere" \$1,800 a foot to 72<sup>d</sup> Street, down to \$600 to \$700 a foot above 79<sup>th</sup>.

The Real Deal quoted a "society columnist" as saying "no self-respecting resident" of the fancy avenues would go east of Lexington except "for an emergency operation" at one of the hospitals.

Or except, maybe, to go shopping and dining in the real world.