

Tuesday, May 5, 2015

REALTY CHECK

Foot Locker megastore signed for 8 Times Square

BY STEVE CUOZZO

Foot Locker is taking a giant step into the Times Square area.

The athletic footwear and apparel maker has leased 36,000 square feet of retail space at 1460 Broadway at West 41st Street — a Cinderella property which has been re-branded as 8 Times Square.

Building co-owners Himmel + Meringoff and The Swig Co. have leased all three shopping levels to the chain, which will launch a megastore in time for the 2016 holiday season. Leases for current retail tenants including Starbucks, Chop't and Godiva Chocolate all expire on Dec. 31 this year, co-principal Stephen Meringoff told us.



He said the asking rent for the Foot Locker floor space plus 4,500 square feet of “state of the art” LED exterior signage was \$12 million a year, but did not disclose what Foot Locker will actually pay. The new store will boast a 35-foot-high all-glass facade designed by MdeAS.

“This will be their prime Times Square location,” Meringoff said, adding that a smaller Foot Locker near West 44th Street will close.

Meanwhile, as my colleague Lois Weiss reported last week, Foot Locker has renewed its Herald Square lease at 112 W. 34th St., where it will keep a 34,000 square-foot store.

As we first reported on April 6, shared workspace provider WeWork has leased all of 1460 Broadway’s 180,000 square feet of office space, which was previously occupied by Skadden Arps.

The Foot Locker lease was negotiated by CBRE’s Eric Gelber for the tenant and by Farrell Virga and Jason Vacker in-house for the ownership.

The building owners are spending around \$25 million to upgrade and reposition the once-drab, 17-story tower.

San Francisco-based Swig Co., unrelated to New York’s Swig Equities, has owned the building with revolving partners since it went up in 1951, and recently brought in Himmel + Meringoff as the operator partner.

Retail lease signings might finally be within sight at Charles S. Cohen’s 135 E. 57th St., according to Cushman & Wakefield’s Brad Mendelson, the agent for the storefronts. Let’s hope so — because while it

took 1460 Broadway's owners just seven months to fill its retail space, Cohen has yet to rent out his precious East 57th Street store frontage after six years.

Cohen controls most of the storefronts on the north side of the block between Lexington and Park Avenues — at his office tower at 135 E. 57th and at the landmark Ritz Tower co-op apartment building at the Park Avenue corner where he owns the retail condominium.

Cohen is a respected landlord, filmmaker, philanthropist and arts patron. But he's taken his sweet time "repositioning" the multi-level, trophy retail spaces totaling 95,000 square feet since 2009. Their stubborn emptiness casts a pall on East 57th, further darkened by a scaffold around the Ritz.

The Ritz Tower was most recently home to Borders Books. The Place des Antiquaires mall took up 135 E. 57th St.'s three-level retail space for a time, but most of the galleries moved out by the late 1990s and discount clothier Daffy's became the largest tenant.

Cohen was thrilled when Daffy's left a few years ago, claiming its low-end image deterred fancy tenants from moving in next door — although Douglas Elliman's Faith Hope Consolo, who repped Cohen's space for a while, told us, "Nobody cared."

Along the way, Cohen rebuffed approaches by Brooks Brothers and Orvis for 135 E. 57th, and brushed off inquiries about Ritz Tower by suitors including STK Steak and several European auction houses.

In March 2013, I reported that Cohen was "ramping up" his leasing effort at 135 E. 57th by dropping outside dealmakers and bringing in investment banker Gilbert Harrison as an adviser.

It was unclear how he could accomplish what Manhattan's leading retail brokers had not. The "ask" for the tower's total 74,308 square feet on three levels then was \$9.7 million a year. Cohen also eagerly shared with us at the time that he'd leased 13,315 square feet of the Ritz's retail space to the Surgery Center of Manhattan. But the center later backed out of the deal; a \$25 million lawsuit Cohen filed against it is pending.

Consolo, who with Joseph Aquino is the agent for the small Leo Kaplan gallery space across the street and keeps a close eye on Cohen's dark stores, recalled of once repping 135 E. 57th St., "I had destination tenants for it, at not insignificant numbers. Charles turned down Brooks Brothers for the whole space!"

Cohen at different times also tapped Cushman's Mendelson and CBRE's Jedd Nero. He recently brought back Mendelson, who tells us, "We're getting a lot of traction" at both locations.

Mendelson said a lease was in sight for a tenant he wouldn't name for part of 135 E. 57th St. (other sources believe it's HSBC bank) and talks were ongoing for the Daffy's space.

Mendelson said the sidewalk-level "ask" was \$350 a square foot at 135 E. 57th and \$600 at Ritz Tower on both the Park Avenue and 57th Street sides — both reasonable for such high-profile locations.

"You're going to see a big transformation in the next 90 to 120 days," Mendelson said. We await the news.