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| THE PEOPLE BEHIND THE DEALS IN THE NY REAL ESTATE SCENE |



BOUTIQUE REAL ESTATE LAW FIRM CONTINUES TO GROW

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Welcome, Bay Plaza!

By Faith Hope Consolo, The Retail Group, Douglas Elliman



At long last, it's open — *The Mall at Bay Plaza*, the largest mall in New York City and the first enclosed suburban-style mall to open here in 40 years, is finally serving the public. And it will provide a number of exceptional tests both locally and nationally, giving us an idea of just how far out in the “outer” boroughs retail is viable, the changing perception of the Bronx and a hint of the future of the regional mall.

The development was a quick one, comparatively speaking, for the Northeast. Whereas some projects can take more than a decade to be created, Prestige Properties' \$300 million, 780,000-square-foot mall debuted in mid-August after a couple of years of major development.

About 71% occupied on Opening Day, the center is anchored by a brand-new Macy's (its first new location in New York City in 15 years), an adjacent AMC Theater and a previously existing JC Penney. The mall also features some 100 specialty shops including mainstays H&M, Aeropostale, Monsoon, Accessorize, New York & Company, U.S. Polo Association, Swarovski and more. Several, such as Michael Kors, Victoria's Secret, Kay Jewelers and Ulta, are bringing more upscale names to the Bronx for the first time. Coming in 2015 will be an XSport Fitness, which will take its first New York City location on the center's third level.

Perhaps as important is the entry of several restaurants, including Olive Garden, Joe's Crab Shack and Red Robin. The mall's other contribution is jobs — published reports say that 90% of Macy's employees live in the borough, and the Mall itself will provide 1,800 jobs.

Why was now the time for such a massive development, located in the Bronx? It all comes down to location, a recognition of the importance of tax revenues, changing perceptions of a community, and the need for retailers to expand.

The center is situated at the intersection of the Hutchinson Parkway and Interstate 95, which is about as suburban as you can get in the five boroughs. The new project is adjacent to Prestige's open-air Bay Plaza Shopping Center, creating a retail destination of more than two million square feet. Even so, Bay Plaza is accessible to three MTA bus lines and the 5 subway line. That kind of opportunity and accessibility is rare anywhere, and certainly unique in New York City.

As important, there is little convenient comparable retail. This is a true problem for New York City, which is notoriously understored (that's no joke, we're way below the national average in re-

tail square feet per capita). The Bronx especially was lacking in the type of retail residents in the other boroughs expect, and Prestige saw its opportunity.

Bronxites looking for national retail either were forced to shop in Manhattan, Queens or Westchester, and most analysts consider the Cross County Shopping Center and Ridge Hill in Yonkers to be Bay Plaza's true competition. The latter was of particular concern to the city, as sales tax revenues obviously were leaving the city. Published reports say that the city and state will split more than \$25 million in non-property taxes.

It helps, of course, that all of the outer boroughs are seeing increased interest from residents looking for larger, more affordable spaces than can be found in Manhattan. Retail follows rooftops, and the Bronx has seen quite a bit of residential development as it has worked to burnish its image locally and nationally. The result: Craft breweries, golf courses and a major image campaign are helping to turn the 1970s image of the borough around.

The Bronx Overall Economic Development Corp. has worked hard to provide incentives and assistance to companies expanding in the borough and its President, Marlene Cintron, has been a huge booster for the Bronx. As she has proudly noted, a number of national chains have some of their most successful stores in the borough. Build it and they really will come!

And ultimately, retailers want to expand, and we're all thrilled to help. Finding a very rare new development in one of the most densely populated areas in the country is a golden opportunity. But it comes at a time when more than one observer is bemoaning the future of the regional mall, and more malls are closing or being converted into mixed-use centers than opening. There's still a way to go in terms of leasing, not unusual these days for the rare new centers to open up. The Mall at Bay Plaza really will be a litmus test as to what types of centers can and will succeed. But for now, it's time to celebrate a project that is a true — and truly wonderful — anomaly: an enclosed mall, in New York City!

Happy shopping!

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