

# THE WALL STREET JOURNAL.

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## GREATER NEW YORK

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### PROPERTY



Development firm Related Cos. is awarding a contract to demolish a 60,000-square-foot building as part of work on the West Side rail yards, above.

## Work Set on West Side Rail Yard

By Eliot Brown

Seeing green shoots in the New York City office market, development firm Related Cos. is stepping up early work on a massive project planned during the economic boom over the West Side rail yards by the base of the Javits Center.

This week, Related is awarding a contract to demolish a 60,000-square-foot building on the property once used as metal products distribution center. It is clearing a development site for what Related hopes will be among the first post-recession office towers to be built. Related is talking to about a dozen possible tenants, says Jay Cross, who

is leading the rail-yards development for Related.

The company is under pressure to get moving, given its agreement with the Metropolitan Transportation Authority, which owns the 26-acre rail yards. The agreement calls for the developer to begin paying hefty rental payments once an improving office market hits an availability rate of 11% availability rate. It is currently 12.6%, down from 15% a year ago.

"The efforts we are undertaking ensure we are ramped up and ready to go because it's hard to predict exactly when you are going to hit on your first and second tenant deals," says Mr. Cross. "This market is very diverse when it comes to large us-

ers, and the market seems to be very resilient."

Related is focusing its planning on starting a 1.4 million-square-foot building on the southeast corner of the rail yards that would have up to 1 million square feet of office space, topped with 25 floors of apartments, according to Mr. Cross.

This 800-foot-plus tower would sit on firm ground, while the rest of the site requires an expensive roof to first be built over the tracks.

Like many developers, Related plans to effectively give away the office space at cost to a major tenant—asking for rents of about \$70 a foot—while it would look to make its money on the resi-

dential above, Mr. Cross said.

The site has long been a priority of the Bloomberg administration, which sprinkled tax abatements on the property, and the city is funding an extension to the area of the No. 7 subway line, currently slated to be completed in 2013.

But it remains an open question among real-estate people whether a large tenant would make the jump to the unproven far West Side.

"Anytime soon I'd say it's low probability," Robert Freedman, chairman of brokerage Colliers International's New York office, said of the project. "I think the fundamentals will be solid, but it's going to take a while."