

Related Companies revamps Time Warner Center

Landlord aims to maximize asset by nudging out lower-grossing tenants.

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Prominent Chef Michael Lomonaco is busy planning two spots opening in February just a few feet from his popular Porter House New York, on the fourth floor of the Time Warner Center.

Last week, Mr. Lomonaco showed off designs for Center Bar, which will fill empty space between Porter House and Per Se, Thomas Keller's three Michelin-starred restaurant. The elegant 40-seat lounge, with sweeping views over Columbus Circle, will serve Champagne and other wines, as well as small plates. Also, the 250-seat Porter House will get a second private dining room.

The projects are part of a larger revamp at The Shops at Columbus Circle, the four-story luxury mall that forms the retail component of the Time Warner Center. When it opened seven years ago, critics said the mall would never work, but it is thriving today.

The Related Companies, the landlord, started a reorganization this summer that involves bringing in higher-revenue stores and urging some lower-grossing tenants to leave before their leases—most of them are for 10 years—expire. A dozen stores, mostly fashion-related, will be moving in over the next 18 months.

"In the beginning, a lot of the luxury players weren't sure how successful we'd be," said Kenneth Himmel, CEO of Related Urban. "Our job is a lot easier now, and we can be much more selective."

Though Mr. Himmel declined to identify any of the retailers, clothiers Sisley and United Colors of Benetton (which owns Sisley) vacated their second-floor spaces in July. Face Stockholm has been replaced by O & Co., a purveyor of fancy olive oils. Sisley will be replaced by a J. Crew men's store this fall. The Swedish cosmetics store will return in a semi-enclosed kiosk.

In addition to anchor tenant Whole Foods, which helps drive traffic, fashion-related stores have been a special hit at The Shops. Such businesses generate sales of about \$2,000 a square foot, versus a retail sales average of \$1,600 a square foot, which is up \$100 from 2008, according to Related.

In contrast, the average sales at other luxury malls nationwide is about \$1,200 a square foot, according to Faith Hope Consolo, chairman of retail leasing and sales at Prudential Douglas Elliman.

Given those numbers, retailers' interest in the real estate is running high. Related executives have narrowed their focus to 30 potential tenants.

"I'm bringing all my European tenants to meet with Related," said Ms. Consolo. "My apparel, accessories and footwear clients are all asking me about Time Warner Center."

The biggest change will result from carving up Borders' former 25,000 square feet on the second floor. The space, which was vacated only last week, will be converted into four or five shops.

A Bouchon Bakery Express kiosk will open in front of the old bookstore. Designed to accommodate overflow demand from Mr. Keller's third-floor Bouchon Bakery, it will offer packaged items such as cookies and muffins, according to Webber Hudson, executive vice president of Related Urban.

BOOSTING LATE-NIGHT BUSINESS

SKY HIGH

\$2K: FASHION SHOPS' average sales per square foot

Source: The Related Companies

On the fourth floor, Stone Rose Lounge recently got a face-lift to appeal to a late-night crowd. The improvements included an elevator that brings guests from street level directly into the lounge.

Mr. Lomonaco said the idea for Center Bar grew out of his friendship with Mr. Himmel. The two met in the 1980s, when Mr. Lomonaco was the chef at the '21' Club and Mr. Himmel was a regular customer. Five years ago, Mr. Himmel tapped Mr. Lomonaco to replace Jean-Georges Vongerichten's V Steakhouse with his own.

"Center Bar is a chance for me to do something new, with a different rhythm from Porter House," said the chef.

The lounge represents a new source of revenue for Related. "We wanted to activate that space," said Mr. Himmel. "And the demand is there."

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