

Red-letter day for huge Hudson Yards project

Developer The Related Cos. announces that it has finalized leases with three major tenants—Coach, L'Oreal and SAP—for its first tower, locked in \$1.4 billion in financing and inked a \$1 billion lease for half of the site.

BY DANIEL GEIGER

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A model of the huge mixed-use complex at the Hudson Rail Yards.

Photo: Buck Ennis

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The Related Cos., which plans to build a huge mixed-use complex at the Hudson Rail Yards west of Pennsylvania Station, took not one or two but several major steps forward on Wednesday. For openers, the big developer announced that it has signed three major tenants and arranged financing for the first of several towers it plans to build at the site. In addition Related said it has signed a \$1 billion 99-year lease with the Metropolitan Transportation Authority for the eastern half of the site where the project will rise.

Related also said it has inked a roughly \$750 million deal with Coach, under which the luxury leather goods maker will purchase 740,000 square feet in the first tower to rise on the site, an 895-foot-tall spire with a total of 1.7 million square feet. Coach will own its space as an office condominium. Meanwhile, cosmetics maker L'Oreal and German technology company SAP also signed leases at the building, for 402,000 square feet and 115,000 square feet, respectively. The three deals with tenants, the broad outlines of which had been previously disclosed and

which had been in negotiations for months, now anchor more than 70% of the space in the tower.

With those commitments in hand, Related was able to nail down \$1.4 billion in equity and debt financing for the first tower. Related has a number of financial backers in the huge project, including its partner, Canadian investment fund Oxford Properties Group.

The tower, designed by Kohn Pedersen Fox Associates, will rise at the corner of West 30th Street and 10th Avenue at the current northern terminus of the High Line, whose third and final leg will eventually wrap around Hudson Yards' southern and western flanks. Ground was broken for the first building, known as the South Tower, earlier this year. Work is scheduled to be completed in 2015.

The South Tower kicks off the massive \$15 billion rail yards development, which will ultimately include more than 13 million square feet of residential, office, retail and public space on a \$1 billion platform to be built over the rail yards.

"Now that these deals are actually closed, every tenant that is looking at a large space requirement will look at this site," Gregory Tosko, a broker at CBRE Group, who represented Coach in its deal to take space at the tower. "Whether it's Time Warner or whomever (Hudson Yards) will be a consideration for them."

The lease that Related signed with the MTA covers the 13-acre portion of the rail yards between 10th and 11th avenues. The South Tower is one of the few locations on the site that sits on solid ground and does not require the deck to proceed.