

COMMERCIAL REALESTATE

YARD WORK

Hudson Yards primed for development

By LOIS WEISS

RELATED Cos. may be using Hudson Yards to brand its own railyards development, but other developers have quickly staked claims to huge development sites in the area still known as Hudson Yards.

Related's project stretches from 10th Ave. to the West Side Highway and W. 30th to 33rd Streets. These other sites are generally to the south of the Related project into Chelsea; to Related's north along 11th Ave. opposite the Javits Center up to W. 42nd Street; and east of Related, where Brookfield's 5.4-million-square-foot Manhattan West is planned to border Ninth Ave.

The redevelopment of the Moynihan Station by Related and Vornado Realty Trust, and the redevelopment of the underground Penn Station and relocation of Madison Square Garden are still far into the future as politicians grapple over MSG's lease and property tax exemption, and station funding.

The largest stretch of potential

trophy office towers is found along the east side of 11th Ave. and the west side of 10th Ave., where zoning has split the superblock with a park-lined boulevard that may someday honor Mayor Bloomberg. The No. 7 subway will also have station entrances at 33rd and 34th Streets.

Various office proposals include Gary Barnett's Extell Development site at One Hudson on the east side of 11th Ave. from 33rd to 34th St. (currently on hold without an anchor tenant); Joseph Moynian's 3 Hudson Blvd. on the east side of 11th from 34th to 35th Streets, which is being marketed; and Jeffrey Katz's Sherwood Equities' 2.5-million-square-foot site on the west of 10th Ave., between 34th and 35th Streets.

Other major sites controlled by Alloy with Boston Properties, Hank Sopher and Arthur Imperatore are either being quietly offered for sale or on back-burners.

"3 Hudson is getting a ton of activity and we haven't even officially begun marketing," says Greg Kraut, principal with Avison Young, which is representing Moynian's 1.8-million-square-foot tower. "We have the best location for tenants of 300,000 to 500,000 square feet that want new construction and have 2017 to 2020 expiration dates," he says of the 72-story building, which will also offer 150 residential condos.

Sherwood Equities' site at 34th St. and 10th Ave. can host even more

— some 2.5 million square feet. Katz is the third largest landowner in the Hudson Yards area after Related and Brookfield. "In real estate time, everything is moving quite rapidly, and they are past the point of no return," Katz says.

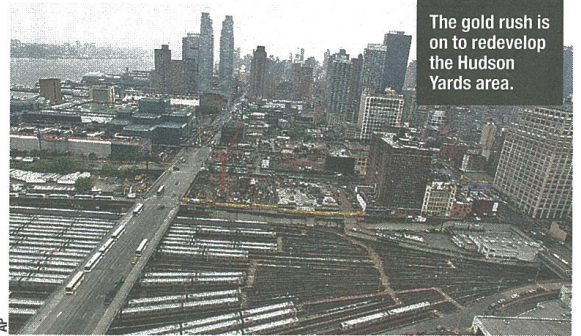
Related Companies has already signed Coach, L'Oréal and SAP to bring its 1.7-million-square-foot South Tower to 80 percent occupancy. Located on the north side of W. 30th St. on the west side of what will become Hudson Boulevard, construction is already underway. The High Line will also have a direct connection into the property.

Related's larger North Tower, however, must be developed on a platform over the railyards. Related executives expect it to be ready in the years 2017 to 2018. The company is hoping to snare mega-tenant Time Warner. Polo Ralph Lauren and Citibank are also looking here.

The two towers will also flow with multiple connecting floors into a 750,000-foot-podium filled with shopping and stores (see story below.)

To accommodate Javits convention-goers, Related is also planning a restaurant, ballrooms and meeting space on the top floors of the North Tower, and a public observatory.

"These are flexible facilities that can be used for meeting spaces or a very large ballroom, and can be used for multiple functions on mul-



The gold rush is on to redevelop the Hudson Yards area.

tip levels for product launches or other needs," says R. Webber Hudson of Related Companies.

Some years ago, New York State, which controls the Javits Center, chose Moynian and Faulkner to develop a large site across from the Javits on 11th Ave. as an 800- to 1,000-room convention headquarters hotel with ballrooms and meeting rooms. Although the plan died as administrations changed, area stakeholders still believe there is a need for such space.

Sherwood is actively working on a hotel and condominium project of 733,000 square feet at 360 10th Ave. between 35th and 36th Streets that will connect to a spur of the High Line. "We are still going back and forth on the size of the hotel and talking to multiple hotel operators," says Ryan Nelson, senior vice president of Sherwood. "The residential will be for-sale condominiums."

Zoning for the area, however, requires more commercial square feet, such as for an office or a hotel.

Other hotels are also being tar-

geted for small sites at 450 11th Ave. and 460-462 11th Ave., both opposite Javits, and 461 W. 34th St. on the northeast corner of 10th Ave.

Joseph Chetrit, who owns the King & Grove brand and the Chelsea Hotel and is converting the Sony office building on Madison Ave. to a hotel, last fall bought for \$26.5 million a midblock site running from 541 to 545 W. 37th St. to 540 to 544 W. 38th Street that is zoned for commercial and some residential use, and can be currently built to 172,813 square feet and to 373,275 square feet through the use of incentives.

Brookfield has broken ground on its platform for its \$4.5 billion Manhattan West project at Ninth Ave. It is expected to have four towers, including a residential building.

Neal Golden, vice chairman and U.S. head of retail and hospitality for Newmark Grubb Knight Frank, says that anyone trying to buy will be "long past getting a steal."

"As Related begins to gain traction, you will see announcements of the fill-in begin," he predicts.

Podium shops will offer a "whole new experience"

WHEN it opens in 2017, the podium shops at Hudson Yards won't be just another indoor mall. The Related Companies is planning a 750,000-square-foot indoor "experience" best described as Time Warner on steroids.

"We don't build malls, we build great places," insists R. Webber Hudson of Related, which is tasked with fulfilling that promise. "If we just offer what you can find in a typical mall, no one will come here."

The five levels of shopping are expected to include curated smaller stores, as well as a prime line-up of luxury. Restaurants will be clustered on the upper floors and be similar to the gourmet restaurants, name chefs and classy watering holes now offered at the Time Warner Center.

"We've received a lot of interest from all ends of the retail spectrum but we are also encouraged by the

enthusiasm of the luxury trade," Hudson says.

Hudson expects to curate a complete mix of retailers from luxury and aspirational to bridge and contemporary price points. "Just like on Fifth Ave., if you go from 43rd St. to 57th St. you have everything from the finest couture to the greatest contemporary brands," he explains.

It will also be designed for cross-shopping with luxury across the corridor from the contemporary brands. "On Fifth Ave., you see affluent shoppers carrying a \$6,000 or \$7,000 purse [as well as] a shopping bag from H&M," he says.

Hudson says Related won't be talking rents for at least another year. "We are not bending over backward for the highest rent but bending over backward for defining tenants and defining spaces," he adds.

While Hudson says there will be some retail in the base of

the South Tower, "the real ta-da moment" will be inside the podium between the North and South Towers. The different structures will also be linked with connections on the ground and upper levels, and even within stores.

The construction of the platform needed to support the podium above the area's railroad tracks will start in January 2014. "We are talking through the variety of retail needs that will define the loads," Hudson says of the weight of the building.

Hudson expects to meet with retailers at the International Council of Shopping Centers convention this week in Las Vegas, where Related will host a 5,000-square-foot booth.

Retail broker Faith Hope Consolo, chairman of Douglas Elliman Retail Group, who is not involved in the project, believes Related can make Hudson Yards successful, even on the edge of the far West Side.

"[Related Cos.] understands quality and dynamics, and it will be a dynamic destination," Consolo says. "There were a lot of naysayers about Time Warner and look how successful that is."

—Lois Weiss



The shopping complex coming to Hudson Yards will dwarf Time Warner.