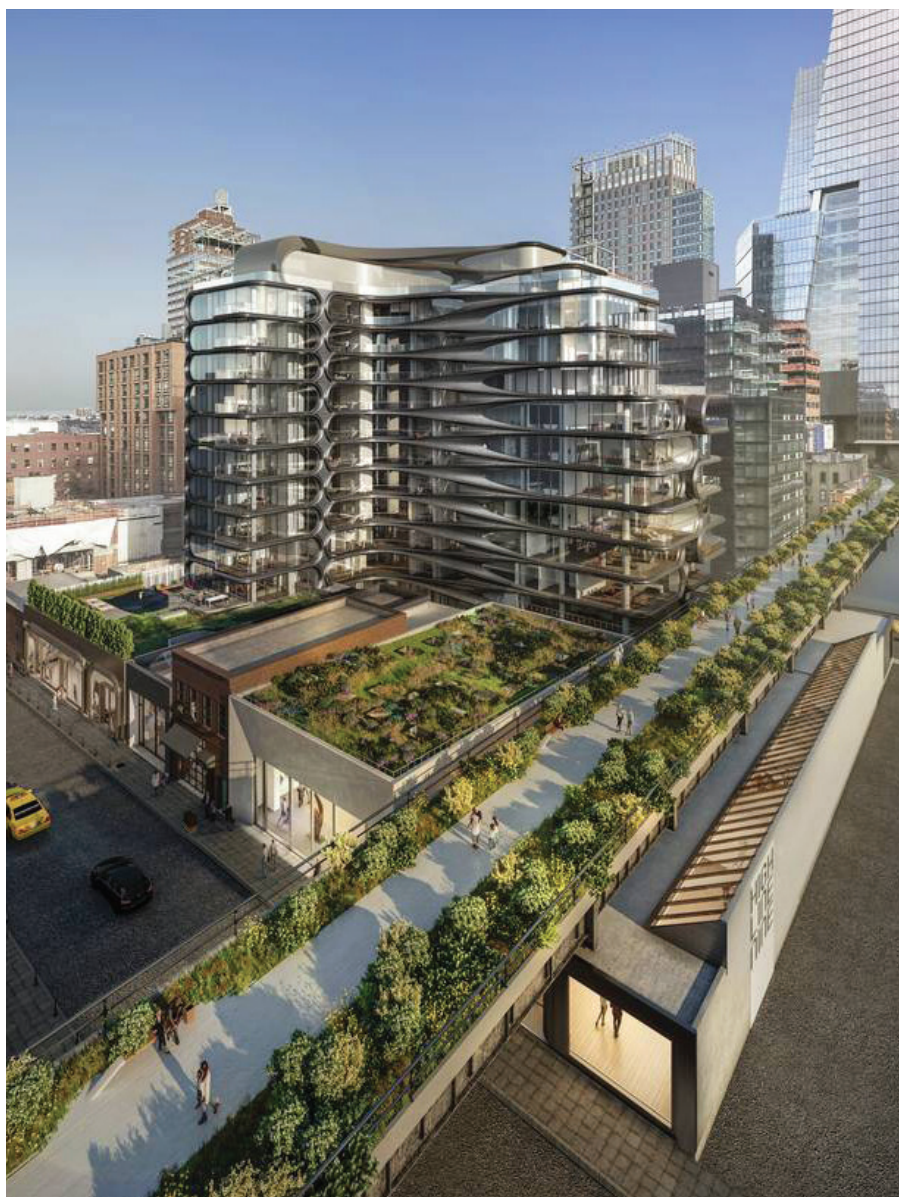


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## Developers Bet Big on Manhattan Art Galleries

West Chelsea is attracting investments from major companies seeking to capitalize on the lucrative art market

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Developer Related Cos. is among the New York developers courting the lucrative art market.

The company is aiming to build on the cachet of Manhattan's West Chelsea art gallery scene by adding 15 new gallery spaces in and around its luxury condominium project at 520 W. 28th Street.

Related also is trying out a new concept for the area. Called the High Line Nine, a galleria with a cafe, wine bar and other amenities will house nine of those gallery spaces as a collection that will offer built-out interiors and a package of services beneath the adjacent, elevated High Line park. The company declined to say how much it is spending on the new gallery space.

To get it all started, Related has landed a lease deal for an undisclosed amount with Paul Kasmin Gallery, an established name in the art world. Mr. Kasmin, a gallery owner specializing in contemporary and modern art, is adding a 5,000 square-foot gallery next to the condo tower and is taking one of the spots in the galleria. Mr. Kasmin already has three galleries in West Chelsea.

"Right now, we believe the strongest market is the gallery market," said Greg Gushee, executive vice president at Related. "West Chelsea is known throughout the world as a gallery district and that's why galleries have to be here."

Even as the number of galleries in the neighborhood has dropped during the last decade and retail rents increased, the area remains an art-market stronghold, with major establishments investing in and expanding their presence in the neighborhood in the past few years.



New residential buildings have increased the competition from other types of retail tenants in West Chelsea, brokers said, but the area doesn't have the variety of subway lines and pedestrian street traffic that catapulted SoHo's retail district and led to a migration of galleries north in the 1990s.

In West Chelsea, other developers are designing their retail spaces specifically with blue-chip art dealers in mind.

At 540 W. 26th St., a joint venture of real-estate investment manager and developer Savanna and the Silvermintz family are building a 12,400 square-foot retail space at the base of its 166,810-square-foot mixed-use commercial building.

The retail space has 20-foot high ceilings, about 100 feet of glass store front, a minimal number of columns to preserve viewing space and the additional equipment tenants often install to heat and cool such vast spaces, according to Jamison Weiner, a partner at the Manhattes Group LLC, an adviser on the project and the leasing agent for the gallery space.

"We want to cater to the larger, more established gallery," said Michael Silvermintz, a partner of the Silvermintz family real-estate business.

The High Line Nine drew inspiration from European galleries—a similar setup with small exhibit spaces along a corridor or walkway that share a cafe or wine bar.

Related said it wants to take the format to another level, providing a package of services including security, a central catering kitchen, utilities, some marketing, cleaning and garbage removal. The company said it is open to shorter lease terms for these spaces, which range in size from 650 square feet to 1,800 square feet, and with rents starting at \$11,000 a month.

The galleria model hasn't been established in New York, so securing some well-known players in the larger spaces among the 27,000 square feet Related is adding will be critical, said Stuart Siegel, a senior vice president at CBRE Group Inc. and a broker who has worked in that area for more than two decades.

The art walls in the galleria spaces range in height from 13 feet to 22 feet. The idea is to attract both domestic and international gallery owners who are looking for a smaller gallery or exhibition space in the district but don't want the hassle of renting out a larger space, Mr. Gushee said.

Related intends to make the design of its more traditional gallery spaces stand out, he said. In addition to the High Line Nine, there will be four gallery spaces in the condominium West 28th Street building, which has an undulating metal and glass facade.

Another two stand-alone galleries will be located on West 28th and West 27th St. The four gallery spaces and one of the stand-alone gallery buildings were designed by Zaha Hadid Architects. The High Line Nine and the other stand-alone space were designed by studioMDA founder Markus Dochantschi, who

specializes in gallery design. The gallery space Mr. Kasmin is taking will have a lush, landscaped green roof with skylights, Mr. Gushee said.

Related's big plans and the company's attention to detail captivated Mr. Kasmin. Related's bet on the art market makes sense, he said. "If...you look at the growth in sales by billions of dollars, you are not crazy to go into the art market," he added.