

Square Feet

The New York Times

Caryatids And All, West 57th Is Selling

Investors Begin To See Gold Off Fifth Avenue

By TERRY PRISTIN

For a decade and a half, the stretch of 57th Street between Fifth Avenue and the Avenue of the Americas has struck many real estate specialists as a missed opportunity. While the block of 57th between Fifth and Madison Avenues is studded with fancy stores like Chanel, Yves St. Laurent and Burberry, the block directly to the west makes do with less glamorous retail tenants paying a fraction of the rent.

Ever since Henri Bendel closed its elegant 57th Street store in 1991 and moved around the corner to Fifth Avenue, its former block has lacked a clear identity, brokers say.

It has one of the city's premier office addresses — 9 West 57th St., where hedge-fund tenants pay top rents to have a view of Central Park — and a new midtown branch of Nobu, the popular TriBeCa Japanese-Peruvian restaurant.

But it also has a McDonald's, low-priced clothing stores like Bolton's and Strawberry, and a shop with bronze sculptures of lions and golf caddies spilling onto the sidewalk. Annual rent for retail space just to the east of Fifth Avenue has climbed to \$850 to \$900 a square foot or more, more than four times the amount that most retail tenants to the west are paying.

Since January, however, several small buildings on the block have changed hands, with the fifth and costliest deal scheduled to close next month. The buyers paid \$605 to \$743 a square foot and were willing to accept a low initial rate of return of about 5 percent on the bet that rental income from the properties is poised to improve.

"It's unusual for five buildings to trade within a six-month period on the same block," said Richard Baxter, one of the team of Cushman & Wakefield executive directors who marketed four of the buildings. "It shows that there is strong, strong investor appetite for prime Midtown buildings, and on 57th Street in particular because of the retail and office components."

He said recent new developments like the Hearst Tower on Eighth Avenue and the Time Warner Center at Columbus Circle have also encouraged talk of West 57th Street as a high-end shopping destination.

A small portion of it already is. Immediately to the west of the Bergdorf Goodman entrance at 3 West 57th Street, a succession of luxury re-

tailers — the most recent being the jeweler Bulgari — have opened temporary stores in recent years while their permanent spaces were being renovated.

"Any temporary tenant that goes into that store does incredibly well," said Faith Hope Consolo, the chairwoman of Prudential Douglas Elliman Retail. Brokers say the space commands an annual rent of more than \$800 a square foot. Adjacent to the temporary space is a town house that was leased to Ascot Chang, a men's clothier that is buying its own space on Central Park South.

But then comes the long curved facade of the Solow Building, at 9 West 57th Street. Brokers say the design interrupts the retail window line both because the building is set back from the sidewalk and because it has no retail space other than the restaurant 8½. "It creates a bit of resistance," said Alan Victor, an executive vice president of the Lansco Corporation, a company that represents tenants. "It's not retail-friendly."

There are other defects on the block, including another setback in front of 40 West 57th Street, on the south side. That side also has a weed-covered empty lot, which could re-

main undeveloped for years. The owner, Jeffries Avlon, has no immediate plans to develop it, said a spokeswoman, Michele de Milly.

From a retail perspective, the block is something of a hodgepodge. "If you're a luxury-goods retailer, you don't want to be next to a McDonald's or a coffee shop," said Benjamin Fox, an executive vice president at the real estate firm Newmark Knight Frank.

Of the newly acquired buildings, all but the small structure at 49 West 57th Street that houses the Strawberry store, were built in the early part of the 20th century, including 31 West 57th Street, which has been leased to Rizzoli International Publications since 1984. Originally a residential brownstone when the block was lined with mansions owned by prominent New York families like the Roosevelts, the building was altered for commercial use in the 1920's, when the other three Art Deco buildings were completed.

Those buildings have high ceilings that appeal to art galleries. Other office tenants include dentists and doctors and fashion designers. The most ornate of the buildings is the former Chickering Hall at 29 West 57th

Street, which is decorated along the roofline with gilded caryatids, or statues of draped female figures, and was once the headquarters of a piano manufacturing company.

That building and three of the others — at 31, 49 and 50 West 57th Street — were bought by a partnership of two major New York companies, Vornado Realty Trust, a real estate investment trust, and the Lefrak Organization, the owners of a 34-story office building at 40 West 57th Street.



Frank T. Piazza said his Greenberg & Hammer dressmaker supply store at 24 W. 57th Street is the last survivor of many such notions shops on the block.



Photographs by Marilyn K. Yee/The New York Times

Berndt Perl, left, and Kenneth S. Aschendorf of APF Properties, said they planned to improve the facade of 24 W. 57th Street.

Richard S. Lefrak, the chief executive of the Lefrak Organization, said that initially the companies were competing against each other for the properties. "We decided that rather than kill each other we would just join forces," he said.

Vornado executives declined to be interviewed. But Mr. Lefrak said: "We feel that retail-wise, the street has a pretty good future. If you look at the rents east of Fifth Avenue and the rents west of Fifth Avenue, they are quite a bit less. Fifty-seventh and Fifth is ground zero. There's no reason there should be that kind of disparity." He said that Vornado was negotiating with Rizzoli to extend the publishing company's lease.

Vornado and Lefrak also bid on the largest of the properties, the New York Gallery Building at 24 West 57th Street. But they were outbid by a smaller New York company, APF Properties, which agreed to buy it for \$69 million. The seller, Sitt Asset Management, paid \$40.7 million for the building in 2004 and then spent \$450,000 to upgrade the lobby. APF intends to pour more money into the building by improving the facade. "You don't notice it when you walk by," said Berndt Perl, a principal with APF.

The company plans to combine the retail spaces — one tiny store is vacant and two others have leases that expire next year — to attract a major retailer. Originally built as a department store, the building was combined with 25 West 56th Street (where Beacon restaurant is now) in the 1940's. Kenneth S. Aschendorf, another principal, said the company would seek an annual rent of at least \$400 a square foot — an amount that Ms. Consolo said seemed like a stretch for this location.

But C. Bradley Mendelson, an executive director at Cushman & Wakefield, said that the retailer Club Monaco had agreed to pay that much in 2002, when it decided to move its flagship to West 57th Street, filling the space once occupied by a movie theater.

But rent of that magnitude is out of reach for one of the block's longest-running tenants, Greenberg & Hammer, a sewing supplies store that carries everything from hooks and eyes to elastic hat straps and elbow patches. Founded in 1919, the shop moved to 24 West 57th Street in 1962, when the area had a number of fabric stores. The owner, Frank Piazza, said he felt proud that Greenberg & Hammer had managed to outlast the fabric shops.

"We're the last holdout," said Mr. Piazza, who hopes to find another location. "It's kind of a bittersweet thing. It makes me feel good that we were able to do this."