

Q: The City's Next Hot Neighborhood?

A: Take Your Pick

BY DANIEL EDWARD ROSEN

To seasoned retail brokers, the very concept of the next big neighborhood in a city that has been developed several times over is, well, naïve. Still, as *The Commercial Observer* recently learned, most are still looking for a reason to believe.

Benjamin Fox, a retail broker who has made a name for himself by spotting new neighborhoods before both competitors and youthful trendspotters, was recently leaving an event near 35th Street and 10th Avenue, not too far from the Hudson Yards development site, when he saw pedestrians packing sidewalks in the late-night hours. In that, Mr. Fox saw retail promise.

"I am almost tempted to say that there are no more emerging neighborhoods in New York City," said Mr. Fox, an executive vice president at Massy Knakal. "[But] I was amazed at the amount of pedestrian traffic on those streets. A year or two ago, you could lie dead on the street and no one would notice your body until the next morning."

From the far West Side in Manhattan, to the spillover crowds of Williamsburg that have helped revive Bushwick in Brooklyn, retailers and their brokers are breathing new life into existing neighborhoods, many of them long discovered. Brokers interviewed for this article, in fact, pointed to the Flatiron district and the Upper East Side as "hot" areas.

"It's sad to say or scary to say, but if you go up and stand outside the Shake Shack on the Upper East Side on a Saturday or Sunday around noon, the line is astronomical," said Patrick Breslin, an executive vice president of retail at Studley, who also noted an array of new retail leases from H&M and the French perfume company La Fontaine. "It's unbelievable."

Meanwhile, with the Hudson Yards development and the Larry Silverstein-spearheaded World Trade Center retail complex slated to open in 2015, retailers and brokers believe that with new space will come bigger retail possibilities.

Mall operator the Westfield Group will launch its 365,000-square-foot retail space in 2015. The project will be linked up with pedestrians-only walkways that are sure to bring retailers desired foot traffic—especially in a place (Lower Manhattan, near the 9/11 attack site) that will attract a chunk of the 45 million tourists who visit the city each year.

Last June, Brookfield Properties unveiled its plans for a \$250 million retail redevelopment at the World Financial Center. Given its proximity to Hudson River Park and the

new Fulton Street Transit center, foot traffic into the redevelopment will certainly be high.

"Downtown clearly will be back," said Jeffrey Roseman, executive president with Newmark Knight Frank.

Venture farther north to Hudson Square and you have Trump Soho, increased residential development and an active local office leasing market to thank for improving prospects for future retail growth. Although retail is slow to catch up with the other developments it will be only a matter of time before it does, brokers said.

"The Hudson Square area has just been growing exponentially," said John Gomes, an executive vice president at Prudential Douglas Elliman.

"We're almost just at that tipping point of starting to see the emergence that I think



is going to have a real mushrooming effect once retail has caught on to the fact that there are people who are ready to explore the neighborhood," said Amy Williamson, vice president of sales at the Prodigy Group.

Retail is slowly coming around. The area boasts 35,000 office workers and averages a daytime population of 55,000 people, according to the Hudson Square Business Improvement District.

If the area gets more residential development approved—Trinity Real Estate is apparently looking to get the area rezoned to turn some manufacturing space into residential—then it will no longer be "under-retailed," said Hudson Square Business Improvement District president Ellen Baer during an interview with *The Commercial Observer*.

"My best retail strategy is to make this a 24/7 community," she added.