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Moinian Seeking Above-Market Rents for Hudson Yards Tower

By David M. Levitt



Plans for the site, at West 34th Street and 11th Avenue, call for offices on the third to 46th floors and residential condominiums above. Source: FXFowler



New York developer Joseph Moinian said construction of the 1.8 million-square-foot tower, which would cost \$800 million to \$900 million, depends on signing an anchor tenant. Source: Moinian Group via Bloomberg

New York developer Joseph Moinian is seeking office rents higher than the market rate for a 66-story skyscraper that he's planning for the Hudson Yards area on Manhattan's far west side.

Rents would start at \$85 a square foot and exceed \$100 a square foot for the tower's upper floors, Arthur Mirante, tri-state area president of brokerage Avison Young Inc., said today at a press briefing on the project, to be called 3 Hudson Boulevard. That would put it in a class with many of the top office towers in the heart of midtown Manhattan.

The skyscraper will compete for tenants with Related Cos.' planned 26-acre (10-hectare) Hudson Yards complex, which is just south of Moinian's site. About 26 million square feet (2.42 million square meters) of offices are proposed for the area near or above the west side train yards. Moinian said he wanted to let the market know there are alternatives to Related's project. "We have been in the near past compared with other sites, and we want to make sure we're compared with all the information at hand," he said at the briefing.

Coach Inc., L'Oreal USA and SAP AG (SAP) will occupy most of a tower that New York-based Related, founded by Stephen Ross, is building at the site. While construction over much of the train yards requires a platform, Related's 1.7-square-foot skyscraper is being built on solid ground. Moinian's tower also wouldn't require decking.

'Solid Rock'

"We are at the subway, we are across the street, we're not building a platform, we are on solid rock," said Moinian, chief executive officer of Moinian Group.

Construction of the 1.8 million-square-foot tower, which would cost \$800 million to \$900 million, depends on signing an anchor tenant, he said. Plans for the site, at West 34th Street and 11th Avenue, call for offices on the third to 46th floors and residential condominiums above. Those may be switched to offices if it's financially advantageous, Moinian said.

Asking office rents in Midtown, the priciest U.S. office market, averaged just shy of \$70 a square foot in May, the highest in more than three years, CBRE Group Inc., the world's biggest commercial real estate services firm, reported yesterday.

Related hasn't disclosed what it's charging for its Hudson Yards offices.

Moinian's proposed tower would have an entrance on Hudson Boulevard, which would be mostly parkland. Plans call for a plaza that would be twice the size of the one in front of the Seagram Building on Park Avenue, said Daniel Kaplan of FXFowle Architects LLP, which designed the Moinian tower.

An entrance to the new terminus of the No. 7 subway line, which the state Metropolitan Transportation Authority is spending \$2.4 billion to extend, would sit in the park in front of the tower. The station would be the biggest in the city, large enough to fit the Empire State Building if turned on its side, according to Oskar Brecher, development director for the Moinian Group.

To contact the reporter on this story: David M. Levitt in New York at dlevitt@bloomberg.net

To contact the editor responsible for this story: Kara Wetzel at kwetzel@bloomberg.net