

June 30, 2014

Who's Moving to the Hudson Yards District?



While **no tenants** have signed on to the 29M SF of office planned for the Hudson Yards District other than Coach, L'Oreal, and SAP in **spring '13** and Time Warner in January, panelists at the *Bisnow* Future of Manhattan's Far West Side event last week say big **announcements** are on their way. (This is the real summer blockbuster.)

who oversees leasing for the 5.5M SF of office planned at Related and Oxford's **Hudson Yards**, says he's working on a **few big transactions**. He also says he's talking to a lot of **law firms** about 55 Hudson Yards. C&W global brokerage chair **Bruce Mosler**, who handles leasing for Brookfield's 2.8M SF of office planned for Manhattan West is **trading paper** on the vacant space at 450 W 33rd. Brookfield is overhauling the property, to be rebranded 5 Manhattan West, for \$200M. It's just the kind of open, efficient space **TAMI tenants** want, Bruce says, adding that TAMI tenants have **just bumped out financial services** as the sector with the most SF of office requirements.

400 joined us at Espace on West 42nd Street, where Related's **Stephen Winter**,



Bruce, whom we snapped laughing at (er ... we mean with) his buddy, Avison Young tristate president **Arthur Mirante**, recalls that Mayor Bloomberg envisioned the Hudson Yards District, not least because of its **proximity to the High Line**, and the government incentivized westward new development like Hudson Yards, Manhattan West, and Moinian's **3 Hudson Blvd** (our event's sponsor). The efforts, though, are also giving **new life to old buildings** like 450 W 33rd and the

rest of the Far West Side's inventory. Arthur also says developers' commitment to **open space** like Hudson Boulevard Park, **diverse uses** like resi and retail (such as Fairway's lease in Hudson Yards), and **community space** like the 95k SF in Extell's apartment building at 40th and Tenth attract office users.



cohort will form **75% of the labor pool**. (In 2045, they'll be **110%**, though math was never this generation's strong suit.) In other words, demand is not something about which Stephen worries.

Hudson Yards District sits among the already-humming neighborhoods of Chelsea, Tribeca, and Hell's Kitchen. Stephen tells us that within Related's **resi** portfolio, the **High Line**-hugging Caledonia is pulling in the **highest rents** and the Upper East Side is getting the lowest, an unimaginable dynamic 10 years ago. Stephen also points out that when the first Hudson Yards office building delivers next year, **half the US workforce** will be **Millennials**. When the last one delivers in 2025, that young



they chase, he says, and that'll drive **conversions of obsolete office** to hotel and resi. That, in turn, will complete the circle, making every neighborhood **live/work/play**.

No one was really sure the massive Hudson Yards project would work until L'Oreal signed on, says CBRE's **Howard Fiddle**, who works with Stephen on leasing. (Coach had signed on first, but its lease was contingent on a second major tenant.) Now, Howard equates the doubters to those who stuck with **horses and buggies** after the Model T. As hot as the Far West Side submarket is, though, Howard says large users are **neighborhood agnostic**. It's the **quality** of the office product



companies that had **long-term visions** for the area. Janno's boss, **Larry Silverstein**, bought the parcels for the River Place and Silver Towers apartments on 42nd in 1984. The former opened 15 years ago and the latter in '09. And it was 20 years ago that **Joe Moinian** bought the parcel for the planned 1.8M SF **3 Hudson Blvd**—which anchors

Brookfield US development head **Phil Wharton's** company was no doubter about the Hudson Yards District. His company bought the land that will become Manhattan West from **Olympia & York** in the '90s, except for 450 W 33rd, which it bought three years ago.

Moinian Group development director **Oskar Brecher** and World Trade Center Properties **Janno Lieber** also work for

Hudson Boulevard Park and provides direct access to the 7 line subway station. Moinian also owns the Eleventh Avenue block front from 25th to 26th and has considered a museum, resi, a hotel, entertainment, and dining for the site, which Oskar calls the **northern anchor to Chelsea**.

For 605 W 42nd at **Eleventh Avenue** (same block as Moinian's Atelier condos), the developer considered more condos, a private school, a hotel, even an **aquarium** (which is like a condo for fish). Ultimately, Oskar says, demand dictated that the company go with the easiest use, **apartments**, and it'll deliver in fall '15. He expects financing for the 1,100-unit, 1.2M SF building to close in July, following up last week's announcement that **AIG has provided debt** on the land for 3 Hudson Blvd, whose website launched Wednesday at www.3hudsonblvd.com.



Tishman Speyer New York regional director **Chris Shehadeh** (right, whom we snapped with our moderator, WeiserMazars real estate partner **Ron Lagnado**) says his company is still in design on the Hudson Yards District site it bought in February. It plans **2.8M SF** along Hudson Boulevard from 34th Street to 35th. And Silverstein is figuring out exactly what uses to include in its 90k SF lot on **Eleventh between 40th and 41st**. (Is everyone just waiting 'til after the World

Cup to make any decisions? We totally understand not wanting to miss anything.)