

** Will print automatically! If it doesn't, click [here](#). **

CRAIN'S

NEW YORK BUSINESS

One of Times Square's biggest retail blocks hits market

Tishman Realty aims to revitalize stretch of West 42nd Street

[Daniel Geiger](#)



Courtesy of the Dealey Group

Tishman plans to ask for \$800 per square foot on the project's ground floor—a third of what top-end retail space can command.

Published: January 4, 2017 - 1:51 pm

West 42nd Street is about to get a serious face-lift. Landlord Tishman Realty is planning a \$65 million renovation of a 400-foot-long strip of storefronts between Seventh and Eighth avenues, signaling a major makeover of one of the city's busiest shopping and entertainment corridors.

Tishman plans to ask for \$800 per square foot for space on the project's ground floor, a third of what top-end retail space in the neighborhood typically commands. Space in the development's basement and on the second, third and fourth floors will rent for a substantial discount to that rate. The renovation is scheduled to begin next year, and the development should be ready for occupancy in 2019. Tenants who lease space will receive billboard signage in the

neighborhood, a perk that normally would cost millions of additional dollars.

"A tenant can be in for a third or half the rent of other space," said Patrick Smith, a retail leasing broker at JLL who was hired by Tishman to lease the project. "There really aren't opportunities other than this to be in 30,000 square feet or 50,000 square feet right now in Times Square."

Tishman built the current retail strip—which stretches from the base of the Westin Hotel on Eighth Avenue to midway down the north side of the block—in the late 1990s. Its roughly 240,000 square feet is currently leased to a hodgepodge of retail tenants including such big names as the B.B. King Blues Club, Cold Stone Creamery, Regal Cinemas and Starbucks. Smith said Tishman is open to renewing some tenants but expects to vacate portions of the space during the renovation, then fill up with new occupants.

The renovation also will remake the property's jumbled façade, creating the cleaner look of Fifth Avenue and similar shopping destinations.

"Some of the tenants have asked to stay but want to rightsize the spaces and be in smaller stores," said Erin Grace, a retail broker at JLL who is working with Smith on leasing the project. "The idea is to evolve the façade of the building to the current day."

But the project is not without risk, as some observers said that the rental rates, although lower than other parts of the neighborhood, are still high for West 42nd Street which, despite foot traffic of more than 34 million people annually, still doesn't have quite the prominence of the Times Square "bow tie," the network of pedestrian plazas that covers the intersection of Seventh Avenue and Broadway from just south of 42nd Street to just north of 50th Street.

"Asking rents of \$800 per square foot are the highest yet anyone has aimed for on 42nd Street," said Brad Mendelson, a leasing broker at Colliers International who has handled several large leasing deals in Times Square. "They're creating big spaces and they're hoping that in 2019, when they're delivering the space, the market will be tighter. Right now the retail leasing market is shaky."

CRAIN'S

NEW YORK BUSINESS

Entire contents ©2017 Crain Communications Inc.
