

Once Anathema, Now a Midtown Marketing Tool

Brokers Promote Proximity of Green, Refurbished Area

By CLAUDIA H. DEUTSCH

CONVENTIONAL wisdom says nobody is getting higher rents for commercial space today than they did a few years ago. But don't tell that to Tom Kelly.

Mr. Kelly is a senior vice president of Mountain Development Corporation, which owns the Beaux Arts, the landmarked office building at the southeast corner of 40th Street and Avenue of the Americas. Until a year or so ago, four of the building's 10 floors were empty and, at asking prices of about \$19 a foot, tenants were barely nibbling.

Then, last year, the refurbished Bryant Park opened up across the street. Mountain Development has written seven leases since then and the rent has inched up with each.

"I started asking for \$24, I pushed it up to \$25, and I've got a deal going at \$27," said Mr. Kelly, adding that he's got only a third of a floor left to go.

The new tenants tell the same tale.

"We could have gotten comparable space, even better space, for \$3 a foot less elsewhere in the area, but I really love the park," said E. Kenneth Seiff, the president of Pivot Sportware, which took the third floor of the Beaux Arts last November.

Jolie J. Bartholomy, associate director of Nautilus International, which took the eighth floor, is pretty sure she could have struck a better deal before the park's renovation.

"Sure, if this were still a druggy, unsafe area I could have argued for a lot lower rent," she said. "Who's going to pay the same for a drug-infested area as for one with birds and trees and lunchtime concerts?"

It took 12 years and some \$8.9 million, but Bryant Park, once a weedy and seedy haven for drug dealers and their customers, has turned into a midtown oasis.

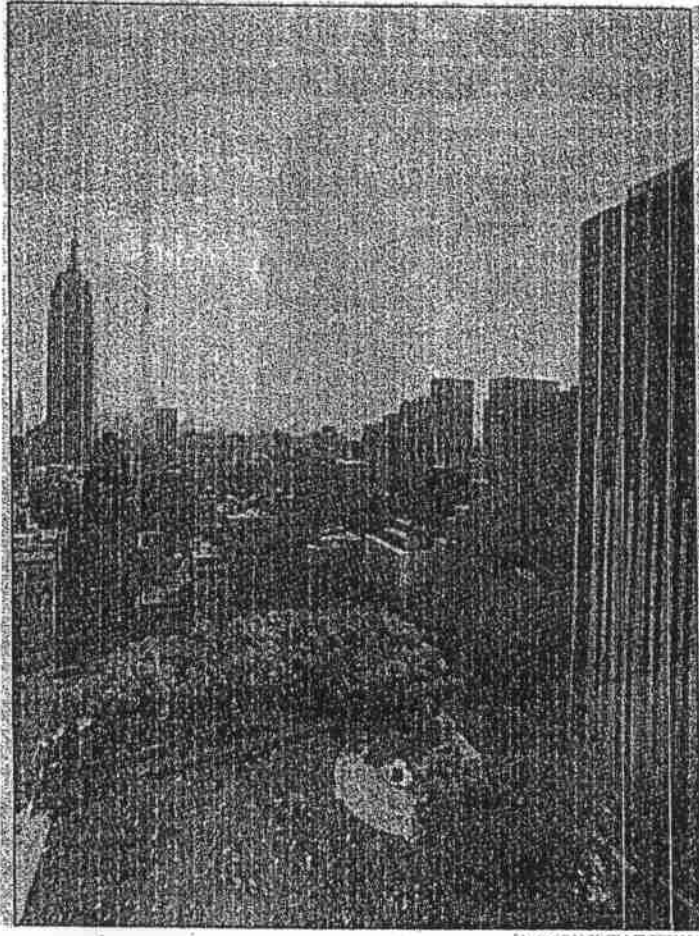
Stretching from 40th Street to 42d Street and from Avenue of the Americas to the back of the New York Public Library on Fifth, its lush lawns, food and book kiosks and lunchtime performances draw as many as 10,000 people on sunny days.

And for the landlords who own the 7 million square feet of office and retail space that borders the park, it is drawing an even more important crowd: tenants.

"You can't find anyplace in midtown where real estate was so affected by a neighborhood change in so short a period of time," said Daniel Biederman, executive director of the Bryant Park Restoration Corporation. "People want to be here now. They're not all talking about moving to New Jersey."

It is hard to quantify the park's impact, since more goes into picking a new office than the proximity of greenery. Moreover, unlike Mr. Kelly, most landlords in the area do not give out rent figures.

But brokers and other industry insiders say that since the park was renovated, office leasing activity has increased significantly at Swig Weiler's two buildings, 1114 Avenue of the Americas (the old W.R. Grace building) and 111 West 40th Street, as well as at 11 West 42d Street, which is managed by Silverstein Properties.



Jack Manning/The New York Times

Bryant Park's revival has raised rents in surrounding office buildings.

Smaller buildings, too, are seeing a resurgence of activity. In mid-1991 Joseph J. Sarno, a Cushman & Wakefield associate director, was retained by Fieldcrest Cannon to find sublet tenants for some 65,000 feet at 56 and 70 West 40th Street, two connected buildings. He has found tenants for all but 11,000 square feet.

"If this were three years ago, we'd be nowhere this far along," he said.

He certainly wouldn't have gotten American Pacific Enterprises, the home furnishings company that had half a floor at 70 West 40th Street, to expand into three floors and turn the storefront into a showroom.

"If they hadn't redone Bryant Park we would never have renewed, let alone expanded," said Steven J. Block, the company's executive vice president. "We don't want people who walk past our windows to associate our name with a war zone."

Retailers, whose businesses depend heavily on drop-in traffic, are perhaps the most

willing converts to the streets around the park. And new stores are opening apace.

"I'd say the park is at least half the reason I came here," said Kayvan Amirsoimani, who just opened the Library Gourmet, a food store, at 28 West 40th Street.

"I've spent more than \$300,000 in building this store, and I simply wouldn't have done it to open a business surrounded by drug activities."

Devon & Blakely, another food store, opened at 40th and Fifth Avenue last summer, in good part to attract traffic from the park. It is open to 8 P.M. seven days a week.

"If the park hadn't been redone, it would not have made sense to stay open so late, or even to open on weekends," said Patrick Burke, the owner.

THE new interest in the area did not happen by serendipity. Local landlords and leasing agents, who used to play down the park's proximity, are now promoting it to the hilt.

Abrams Benisch & Riker, which has been retained by W.R. Grace to find a sublease tenant for the 40,000-square-foot fifth floor of 1114, recently advertised the space in newspapers. The ad included "Across from the 'new' Bryant Park" on the list of assets.

"The first question I ask a potential tenant is, 'Have you gone through the park?'" said Stephen J. Riker. "If they say 'no,' I take them. It's one of our biggest selling points."

Other brokers say the park, if not a deal maker, is often a deal-cincher.

Ira Schuman, a senior vice president at the Julien J. Studley brokerage firm, remembers showing the partners at the Patricson Belknap Webb & Tyler law firm some raw space at 1133 Avenue of the Americas, on 43d Street.

"They all congregated at the windows and talked about how nice the park looked," he said. The law firm took the space.

"It wasn't because of Bryant Park, but the views certainly helped," Mr. Schuman said.

Even brokers in buildings several blocks from the park use it as a sales tool. Donald Kaplan, leasing agent for 1185 Avenue of the Americas, near 46th Street, is including a long article on the new Bryant Park in his newsletter for tenants.

And he's trying to use the park to entice an advertising agency to 25,000 feet in the building.

"I'm making a big pitch that a lot of their employees are moderate-income people who need a place close by to have a cheap lunch on a nice day," Mr. Kaplan said. "And I'm reminding them that a lot of their employees take the bus or subway on 42d Street."

NOT every building — and certainly not every space in every building — feels the park's impact. Claudia Meisel, a Newmark Real Estate broker and leasing agent for 500 Fifth Avenue, near 42d Street, concedes the park probably has not drawn that many people to her building. One reason: The building has a lot of small spaces in the back that don't overlook the park.

But for buildings with larger spaces to let, particularly those with park views, the park is a definite factor.

A couple of months ago the Coudert Brothers law firm moved into five high floors in the Grace building. One of the big draws, says Peter S. Britell, a Coudert partner, was that the firm could get the entire fourth floor, which overlooks the park, for a "treetop" conference center to meet with clients.

"The way the park used to be, I'm not sure we would have moved into this building at all, let alone put in a conference center that overlooks the park," Mr. Britell said. Coudert Brothers put a big picture of the park on the relocation notice it sent its clients.

Other new tenants in the area are vigorously promoting the park to their own people.

VNU Business Information Services, the American arm of a Dutch financial information company, recently consolidated employees scattered around Manhattan into 88,000 square feet on two floors at 11 West 42d Street. Management made a big point of touting the park, and its lunchtime amenities, to make the move more palatable to those being relocated.

"Let's face it, 42d Street doesn't have such a great reputation, and we knew some of our people would be unhappy," said Gail Baum, manager of central office services. "We're using the park to make the move go down better with the staff."