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34th St. - the place to be

Partnership's efforts draw major retailers, pump up retail rents

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Banana Republic, Zara, Old Navy, H&M, Sephora: So many national retailers are opening on 34th Street, it's beginning to resemble a suburban shopping mall.

In a makeover that echoes changes taking place along other major city thoroughfares such as 42nd and 125th streets, 34th Street is rapidly shedding its chaotic, bazaar-like image.

Fueled by a booming economy and guided by the 34th Street Partnership — the business improvement district that covers the area roughly from Park Avenue to 10th Avenue along 34th Street — the corridor is turning into a shopping and entertainment mecca.

Retail rents have more than tripled the last five years and, in addition to the nationally known chains already on the street, plans are under way for several international retailers and a big movie theater.

"It's now a hot neighborhood," said Lisa Rosenthal, a retail expert for the 34th Street Partnership. "If you're a store and you want to be on 34th between Fifth and Seventh avenues, you're going to have to buy a lease — there's no space available."

For years, there were few nationally known stores on 34th Street aside from Macy's and B. Altman's, which closed its doors permanently in 1989.

Five years ago, when Rosenthal took her job with the 34th Street Partnership, there were many store vacancies and retail rents were as low as \$60 a square foot. Most of the stores were small and sold mainly low-end merchandise.

Though foot traffic was heavy, normally an attractive feature for merchants, the quality of life along the street left something to be desired. Many buildings were run down, the sidewalks were in need of repair and there were no green areas to speak of.

Today, when Rosenthal strides up and down the block, she notes that the stores are presentable. The streets in front of them are swept clean by white-suited

partnership workers and dotted with flowers in cement planters.

Two public parks have reopened at Herald Square and nearby Greeley Square, employing some of the same tactics used to fix up the once famously derelict Bryant Park: better lighting, folding chairs and uniformed security.

In this newly attractive environment, retail rents have surged to about \$250 to \$300 a square foot for stores near Fifth Avenue, and as high as \$200 a foot as far west as Eighth Avenue. Vacancies are few and far between.

"The street has shown encouraging signs of life for the past three years," said 34th Street Partnership president Daniel Biederman. "But now we're seeing some truly amazing developments."

Namely, that retail development is moving west swiftly beyond Eighth Avenue, mirroring current trends along 42nd Street.

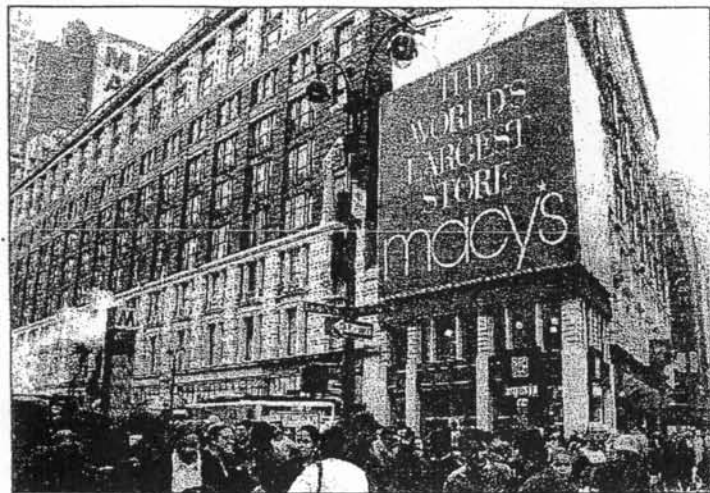
Developers Jules Demchick and Harry Feldman of J.D. Carlisle Development are building a 40-story residential and office tower between Eighth and Ninth avenues, just behind the CNN building. Loews has signed a deal to open a 14-screen movie theater in the building, and Demchick said that all of the remaining 85,000 square feet of retail space is taken.

Another major landlord in the area, Vornado Realty, is said to be developing plans to bring major retailers to some of the space the company controls along the street, notably the southeast and southwest corners of 34th and Seventh Avenue.

Of course, the project that will have the most profound impact on 34th Street this century has yet to take shape: the new Penn Station at the main Post Office building, scheduled to open in four or five years.

"I think smart developers and retailers are already looking at opportunities around this new station," said Dan Pisark, vice president of retail services for the 34th Street Partnership.

"This is going to be a case of Go West."



STRENGTH IN SHOPPERS Macy's continues to be a 34th St. star, but improvements and economic boom help draw numerous new retailers like Zara.



BYGONE DAYS With the exception of Macy's and B. Altman's (above, right), 34th Street's past included many smaller shops with buses dominating the roadway.

