

CRAIN'S

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34th St. group helps eateries gain entrée

Seeks deals to lure finer restaurants to underserved area

BY LISA FICKENSCHER

BUSINESS LEADERS in the neighborhood around Madison Square Garden are mobilizing in an attempt to bring more chic eateries to the restaurant-starved area.

"Restaurant development has not kept pace with the rest of the retail growth here," says Daniel Biederman, president of the 34th Street Partnership, which is spearheading the endeavor.

Landlords like GHT Realty, Haymes Investment and Vornado Realty Trust—which owns 6.4 million square feet in the district—have tentatively agreed to offer financial incentives to attract restaurateurs.

The business group aims to lure

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EGGED ON: Stavros Aktipis is partnering with a local hotelier to open two restaurants.

ON THE MENU

Restaurants west of Fifth Avenue that make the 34th Street BID's grade.

Brendan's Bar & Grill
42 W. 35th St.

Cellar Bar & Grill
Macy's

Circa-NY
22 W. 33rd St.

Harrington's Bar & Grill
370 Seventh Ave.

Jack Demsey's
36 W. 33rd St.

La Vigna
The New Yorker hotel

Meat @ Circa
35 W. 33rd St.

Nick & Stef's Steakhouse
4 Penn Plaza

Stout NYC
133 W. 33rd St.

Tick Tock Diner
The New Yorker hotel

Tir na nÓg
5 Penn Plaza

Tupelo Grill
1 Penn Plaza

Uncle Jack's Steakhouse
440 Ninth Ave.

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10 full-service eateries to the area over the next three to five years. The organization says there are only 15 better restaurants, including Tupelo Grill and Nick & Stef's Steakhouse, within the borders of the business improvement district. The district runs from Park to 10th avenues and from 31st to 36th streets.

The BID is responding to a recent influx of businesses from parts of midtown Manhattan that have more food choices. The Associated Press took 282,500 square feet in the area last year, following WNET-Channel 13 and advertising agencies Foote Cone & Belding and Publicis.

A few entrepreneurs have already set up shop. Uncle Jack's Steakhouse opened on Ninth Avenue last year. Stout NYC, a sleek 17,000-square-foot bar and restaurant on West 33rd Street, opened in April.

Some, especially those toiling near the BID's far west boundary, think the progress is too slow.

Kellie Specter, who works for Channel 13 at 450 W. 33rd St. and 10th Avenue, usually brings her lunch from home because the only food option in the vicinity is deli fare.

When she and her colleagues want to eat out, they sometimes walk to the thriving meatpacking district, some 15 blocks south.

Jeremy Hellman, the New York bureau chief of the BBC, also located at 450 W. 33rd, says he eats in the building's cafeteria most days.

"It's just a bit boring," says Mr. Hellman, who lives on the Upper West Side. "I'm always quite glad to go back home."

That sentiment poses a challenge for the 34th Street BID. Many restaurant operators are reluctant to move into the neighborhood because there isn't enough nightlife to support a steady dinner business.

The BID also faces a perception problem. Although much of the graffiti and litter and many of the seedy joints have disappeared as major retailers such as Victoria's Secret and Old Navy have moved in, the area still has a reputation for being somewhat seamy.

"New Yorkers don't know yet that 34th Street has turned around," says Mr. Biederman.

In fact, the revitalization might be working against restaurateurs.

"The retail mix in the district has

improved so much that rents have risen spectacularly," says Jim Lawler, a restaurant consultant who is working with the BID. "The rents of \$200 a square foot or more are impossible for a tablecloth restaurant."

That's where the 34th Street Partnership comes in. Over the past several months, Mr. Biederman has met with many of the neighborhood's important landlords and brokers to secure their support. He's hoping that property owners will lower their rents to make the area affordable for restaurant tenants. He's already cleared one big hurdle: eradicating many landlords' bias against restaurants, traditionally thought of as risky tenants that attract vermin.

Financial hunger

VORNADO, THE neighborhood's largest landlord, declines to comment on the BID's efforts. Other landlords approached by the group will speak only if they aren't identified.

"I think the landlords in the area see the need for the restaurants to get some financial relief up front to help them get established," says one building owner with space available on the west side of the district.

Hal Thurman, who owns the Holiday Inn on Broadway and West 32nd Street, is partnering with restaurateur Stavros Aktipis to develop two eateries—Martinique Café and Artemis—connected to the hotel. "I don't see why a landlord wouldn't reduce his rent to accommodate a great restaurant concept," says Mr. Thurman.

Restaurateurs now entering the 34th Street district will get a boost from the fact that the area is becoming more residential. A 50-story tower is going up across from the Hotel Pennsylvania, between West 31st and 32nd streets; that project comes on the heels of a residential building at 35 W. 33rd St.

With all this new development, coupled with the lack of better restaurants, Mr. Aktipis had no trouble making the decision to open two establishments. "But I couldn't pursue investors to do something in this area," he says. "You need someone like Hal who understands the district and is invested in it." ■