

# Rise of World Trade Center Spurs a Retail Revival

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As [1 World Trade Center](#) starts to claim a place on the Lower [Manhattan](#) skyline, the area's retail scene is beginning to revive, with landlords raising rents in anticipation of thousands of new office workers, tourists and residents, commercial real estate experts said.



Ozier Muhammad/The New York Times

More retail businesses have begun opening on Broadway in Lower Manhattan, drawn by the World Trade Center.

Average asking rents in the financial district corridor along Broadway from Battery Park to Chambers Street rose 36 percent to \$184 a square foot since spring 2010, with much of that gain taking place since last fall, according to a report issued by the [Real Estate Board of New York](#).

Asking rents grew faster by far along that slice of Broadway — currently largely leased by banks, restaurants and cellphone stores — than any other neighborhood in Manhattan in that period. In the larger area of downtown in general, average retail asking rents grew by 2 percent since spring 2010 to \$103 a square foot, while overall Manhattan retail rents grew by only 1 percent.

“Until there was a glimmer that the rebuilding was well on its way, retailers didn’t want to risk it,” said Michael Slattery, a senior vice president of the real estate board. “You wanted to get in early, but you didn’t want to get in too early, because you wouldn’t be able to sustain yourself without significant foot traffic or activity.”

Activity has been picking up. Between 2008 and 2010, the number of visitors to Lower

Manhattan grew to nine million from seven million, according to the [Downtown Alliance](#), the local business improvement district, while the residential population has more than doubled since 2000, to 56,000 from 22,904.

Buildings like 7 World Trade Center and the new Goldman Sachs headquarters, along with the recent decision of Condé Nast to move about 5,000 employees to 1 World Trade Center as its anchor tenant in 2014, are ensuring there will be no ebb in the number of office workers walking the streets at lunch and after work hours, he said.

“My sense is that there was always a pent-up demand to return downtown to take advantage of emerging residential, the presence of commercial, and to try to capture that activity that was in the Trade Center itself,” Mr. Slattery said. “That pent-up demand is starting to emerge.”

Some national and international retailers that have opened in Lower Manhattan in the last two years include the global suit maker My.Suit, the men’s clothier Jos. A. Bank and the watchmaker Tourbillon, said Elizabeth H. Berger, the president of the Downtown Alliance.

If retailers’ hesitation to set up shop in Lower Manhattan was once a result of the area’s lack of foot traffic on evenings and weekends, now it is more likely to have its roots in uncertainty about which of its thriving market segments to serve, brokers said. That may be one reason there are so many restaurants on downtown’s heavily trafficked corridors, like Broadway, said Robin Abrams, an executive vice president of the [Lansco Corporation](#), a commercial brokerage.

“Food appeals, obviously, to all those different customers, whether it be locals or tourists, guys going to work, going home — they’re all frequenting the food tenants,” she said.

She said she thought many retailers were still waiting to see what would happen to the World Trade Center development. Before 9/11, the trade center had about 430,000 square feet of retail space along its concourse. Since its loss, retailers have been scattered throughout downtown, with some pockets beginning to develop more of a retail identity, Ms. Abrams said.

For instance, in 2006, Hermès, the luxury goods company, made a foray to 15 Broad Street

near Wall Street, and it was quickly joined by other upscale retailers like Tiffany & Company, Thomas Pink and Canali, and asking rents quickly climbed to \$300 a square foot for ground-floor space.

The 2008 financial crisis upended that trend, though Ms. Abrams said the area continued to attract luxury retailers, at “more realistic” rents.

The 360,000 square feet of retail to open in 2014 at the World Trade Center site will not be as centralized as it was in the concourse mall, but will be distributed throughout the site, stretching from the World Financial Center as far as the new Fulton Street transportation hub. Even so, retailers are lining up to lease the space, said Darrell Rubens, a senior managing director at the retail brokerage [Winick Realty Group](#).

With retailers jostling to locate as close to the World Trade Center site as possible, Brookfield Office Properties announced plans in June to improve and expand retail offerings in about 180,000 square feet of retail space at the World Financial Center, just west of the World Trade Center site, as part of a \$250 million upgrade of the four-building complex.

Just east of the World Trade Center site, at 22 Cortlandt Street near Broadway, the discount department store Century 21 announced plans in June to add 76,000 square feet of retail space, which would include a cafe, dressing rooms and bathrooms, to the 120,000 square feet it already occupies.

Another closely watched space is 32,000 square feet at 100 Broadway between Pine and Wall Streets that was recently vacated by the bookseller Borders. “Whoever takes that space will help define how Broadway trends,” Ms. Abrams said. “It would be fabulous if an H&M or a Topshop or a big apparel tenant takes that piece, as it will lead others to want to be on that corridor.”

[Madison Capital](#), a real estate investment and operating company focused on repositioning assets, acquired 100 Broadway in late 2010 anticipating that Borders would be closing and that retail downtown would continue to develop, said J. Joseph Jacobson, a partner.

“We think it’s an incredible location, given the growth in Lower Manhattan,” he said.

The multilevel space, which has 200 feet of frontage on Broadway and 30-foot ceilings, could be used by one large tenant or divided for two or three users, said Gene P. Spiegelman, an executive vice president at the commercial brokerage Cushman & Wakefield, which is marketing the space.

The asking rents for the ground floor space are \$350 a square foot, and the blended asking rent for the entire space is about \$110 a square foot, he said.

“The asking rents are targeted above the previous rental range, and, especially with our ground-floor space, we expect to bring back rents to pre-9/11 levels,” Mr. Spiegelman said. He said the space had drawn interest from companies in sectors as diverse as fashion and apparel, finance, fitness, consumer products and food. Many of the companies are strong national retail chains, he said, and the challenge is finding the right retailer or mix of retailers. No tenant has leased the space as yet.

“Currently, Broadway is banks and restaurants,” he said. “It’s more service-oriented right now. But I believe Broadway is going to go more into the fashion and apparel mode, while still maintaining a strong service component.”