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Keith Bedford for The Wall Street Journal

Nassau and Fulton streets with One World Trade Center in the distance.

It's gotten hard to avoid all the scaffolding and trucks chugging through the narrow corridors of the Financial District these days, thanks to a construction boom in new residential, retail and hotel buildings.

Over the course of a year, the district will add four new residential buildings, five new hotels and a second Pace University dormitory. This is on top of the Metropolitan Transportation Authority's \$1.4 billion Fulton Center, the large transit and retail hub slated to open in June 2014.



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A Citi Bike stand near Isamu Noguchi's 'Red Cube' sculpture on Broadway.

The Financial District houses fewer major financial firms than it once did, and the area in recent years has lacked a definitive feel other than to be a place of work. Many developers tried to usher in more residential units as nearby Battery Park City became more attractive to growing families, but the area didn't take off because of the lack of amenities in the neighborhood, brokers said.

Since 2011, however, many see the district turning more decisively into a viable residential area, and there are signs of it becoming a retail and night-life destination in a few years as well.

"The focus around here definitely shifted two years ago from what's happening at the World Trade Center to its surroundings," said Joseph Simenic, executive director at the Lower Manhattan Construction Command Center, the city agency in charge of coordinating 70 public and private projects. "What you'll see in a few years is that Lower Manhattan will have a massive retail corridor spanning from east to west."

Residents complain about noise and air quality, while street closings for infrastructure updates have hurt some businesses, but many in the area are positive about the changes.

"I think we're starting to see the light at the end of the subway tunnel," laughed Pamela Gill, director of operations at the downtown location of restaurant Les Halles, which is across the street from a new hotel construction and a stone's throw away from what will be the Fulton Center. "We definitely feel like we're a weathered rock, but we've seen a dramatic change since the beginning of this year: We're packed."



The residential boom started as funds became readily available to developers and as demand for rental units increased at the same time, noted Henry Goldfarb, vice chairman at Lee & Associates, a firm in charge of marketing for the Lara, a new 30-story office and residential building at 111-113 Nassau St.

The Lara is an example of how residential developers are bringing in more retail and night life to the area. The ground floor has been leased for a planned restaurant to Linda and Claudio Marini, a couple who co-owned Barbarini Alimentari, a beloved eatery on Front Street that was wiped out by superstorm Sandy.

"It was devastating to see what you've built literally wash away," said Ms. Marini. "But we feel good that we found a space that is larger and on higher ground so we can serve the same community we love so much."



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A fountain in City Hall Park at the northern border of the Financial District.



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A sign at the construction site for the Fulton Center transportation hub.

Mr. and Ms. Marini, who are also Financial District residents, said they decided to sign a lease for new space because they saw foot traffic dramatically increase as more tourists, residents and even students flock to the area. They plan to open their new 100-seat restaurant and salumeria Da Claudio as early as February.

Pace University, although long a commuter school in Lower Manhattan, has seen an increase in demand for dorm space, noted William McGrath, the university's chief administrative officer. After opening its first dorm at 180 Broadway for the fall semester, the school is building another dormitory at 33 Beekman St.

Many landlords of older office buildings, such as the landmark former AIG building at 70 Pine St., are simply reconfiguring space into new rental units and into extended-stay apartments with retail and restaurant space on the ground floor. That said, some developers are tearing down buildings to replace them with residential towers, as in the case of 112-120 Fulton St.

Meanwhile, a swath of new hotels is entering the area. The landmark Temple Court at 5 Beekman St. will turn into a 285-room boutique hotel that will also have 85 residences and incorporate a new 40-plus-story tower at 115 Nassau St. Construction has started on a new Aloft hotel at 49 Ann St., as well as on a Residence Inn by Marriott at 170 Broadway and a Four Points by Sheraton at 6 Platt St.

Many developers are keeping an eye out for a sale of One Chase Manhattan Plaza, where brokers said the 60-story building could also turn into a hotel or residence. In addition, the realignment of J&R Music and Computer World into one building at 1 Park Row has many wondering what's next for the vacant buildings on the block. J&R declined to comment on plans for the buildings.

"Buyers who would have never crossed below 23rd Street are now looking here," said Ivy Ray, a Financial District resident and broker at BLU Realty Group. "You can still get great square footage in an area that still feels like a small community."

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