

# LEASE BEAT

The Commercial Observer's almost-exact breakdown of the last week's ten biggest deals.



## 1 Hunter College 95,000 square feet

**Hunter College** is taking **95,000 square feet** at **205 Hudson Street** for its master of fine arts program, which will relocate to the space from a building it occupies at **450 West 41st Street**.

The school, which is part of the **CUNY** system, signed a 15-year lease at 205 Hudson for floors two, three and four. Asking rents for the space were in the \$40s per square foot.

In addition to the office space the school is taking, it will also lease a nearly 4,000-square-foot retail space in the building that will allow it to have its own entrance and also a street-level gallery to display students' work. The school offers courses to artists in various disciplines such as painting and sculpture.

**David Hollander**, an executive with the real estate services firm **CBRE** who brokered the deal for Hunter with CBRE's chairman of global brokerage, **Stephen Siegel**, said that space at 205 Hudson appealed to the college because it has large windows that allow abundant natural light to flood into the spaces.

"As you can imagine, natural light is important for an art school," Mr. Hollander said.

Schools are not always an easy sell to office landlords. The steady flow of students entering and exiting a property sometimes doesn't mesh with office users. Mr. Hollander said that **Trinity Real Estate**, the landlord of 205 Hudson, as well as a long list of other properties in the neighborhood, was immediately interested in Hunter.

"They appreciated the strength of an institution like Hunter College," Mr. Hollander said.  
—Daniel Geiger



## 2 Liz Claiborne 67,000 square feet

**Liz Claiborne** has renewed its lease early at **1440 Broadway**, shedding a floor in the process.

The apparel and retail giant had almost 100,000 square feet at the property, all of floors two, three and four. People familiar with the company said that it had long been interested in downsizing the space, which it uses to house its brands **Juicy Couture** and **Lucky Jeans**.

With a year remaining on Liz Claiborne's lease, the 743,000-square-foot property's landlord, **Monday Properties**, reached out with an offer that would allow the firm to shed the second floor if it renewed its hold on floors three and four, which together total nearly 70,000 square feet. The carrot was an overture to try to entice the tenant to remain at the property long term.

Liz Claiborne, through its reps in the deal, **Newmark Knight Frank's** New York-area president **David Falk** and executive **Jason Greenstein**, seized on the opportunity, signing a 10-year lease for three and four, which together total about **67,000 square feet**.

What now remains uncertain is how much space the company will keep next door at **1441 Broadway**, where the Liz Claiborne brand has the bulk of its Manhattan offices. A person familiar with the company's space plans said that in recent years it has been relocating some of its Manhattan operations to a building it occupies in North Bergen, N.J., and subleasing the space it has vacated at 1441 Broadway. —DG



## 3 Duane Reade 54,500 square feet

New York City drugstore pharmacy giant **Duane Reade** has agreed to relocate its corporate offices to **40 Wall Street**, the same **Trump Organization**-owned office tower that already houses its sushi-serving, hair-styling flagship megastore.

Duane Reade will be taking the 21st and 22nd floors, for a total of **54,500 square feet**, inside the 72-story building. The lease is for 15 years, with asking rents in the mid-\$30s per square foot, several brokers said.

**Jeffrey Lichtenberg** of **Cushman & Wakefield** represented the Trump Organization in the deal. **Thomas Murray** and **Joseph Artusa**, both of the **Lincoln Property Company**, handled Duane Reade.

Duane Reade's current lease at its corporate headquarters at **440 Ninth Avenue** was nearing its August expiration, prompting the pharmacy to look for new space in Midtown, Midtown South and lower Manhattan, said Mr. Murray.

It was sometime after Duane Reade opened up its approximately 22,000-square-foot flagship at 40 Wall Street—which has a grocery space for smoothies and sushi and a special salon section that offers hair blow-outs and manicures—when it dawned on the company that having its corporate headquarters and superstore under one roof was the most logical choice, according to those familiar with the deal.

"The location is perfect, it laid out well for them and then, on top of that, there was the superstore," said Mr. Murray.

Dealing with 40 Wall Street's well-known landlord also helped seal the deal, said Mr. Artusa.

"**Donald Trump Jr.** was a complete gentleman throughout the entire process and was helpful in expediting the deal," he said.

This has been a busy leasing period for Mr. Lichtenberg and his team, who have brought in the structural engineering firm **Leslie E. Robertson Associates**, financial consulting firm **Huron Consulting**, and **Weidlinger Associates**, another structural engineering firm, in the past six months. —Daniel Edward Rosen



## 4 Pace University 50,000 square feet

**Pace University** has reached an agreement to lease **140 William Street** for its **Dyson College of Arts and Science**, which houses the school's dance and arts programs.

The university will take the entire building in the deal, which is about **50,000 square feet** in size.

**William McGrath**, Pace's chief administrative officer and a senior vice president at the university, said the new space would fit well within the school's existing portfolio of locations in lower Manhattan.

The building is close to **106 Fulton Street** and **55 John Street**, two residential halls, as well as **180 Broadway**, a building that Pace is developing with **SL Green** as a new dormitory. The school's most prominent asset in Manhattan, **161 William Street**, is also nearby.

"This building really adds to our growing footprint in lower Manhattan," Mr. McGrath said.

**Peter Braus**, an executive with **Lee & Associates** who represented 140 William Street's landlord in the deal, said Pace will net lease the space, a type of arrangement where the tenant takes on more responsibilities for oversight of the asset and covers more of its costs of operation than in a standard lease.

Market sources say rents in the deal were in the \$20s per square foot, a bargain even by lower Manhattan standards.

However, the deal will require a significant outlay of capital to prepare the building for Pace's occupancy, a figure that Mr. Braus estimated would total many millions of dollars. Mr. McGrath said that Pace will gut 140 William Street to install classroom facilities in the property. The ground floor, which boasts 16-foot ceiling heights, will be converted into an auditorium for performances.

The school's dance and performing arts programs have expanded in recent years. **David Falk**, president of **Newmark Knight Frank's** New York operations, represented Pace in the deal along with colleague **Kyle Ciminelli** and said that the school will be relocating to the space from **280 Broadway**, where it was squeezed into 12,000 feet. —DG