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NEW MEDIA CENTRAL

## 915 Broadway

ABS PARTNERS REAL ESTATE, LLC

# The Center Of Silicon Alley

## 915 Broadway

Originally constructed in 1926, 915 Broadway, at the corner of East 21<sup>st</sup> Street, has certainly changed with the times. Constructed for light manufacturing, the Midtown South icon, a 20-story, 250,000-square-foot office and retail building, is currently enjoying a renaissance as the epicenter of Silicon Alley, an area known for its high concentration of new-media companies, internet-based startups, and cutting edge young-minded companies.

Much of the credit for the renaissance of 915 Broadway can be credited to ABS Partners Real Estate LLC Chairman Earle Altman. He held fast to his vision for 915 Broadway to be a premier Flatiron District asset.

In 1981, while a top executive at Helmsley Spear, Earle purchased the property located at the southwest corner of 21<sup>st</sup> Street for \$6 million with a close-knit group of partners. ABS, which manages properties located in New York City with a concentration in the Midtown South, Union Square and Flatiron markets, was founded in 1999.

Earlier this year, Gregg Schenker, Co-Managing Partner and President of ABS assembled a new partnership group led by Altman to re-structure the ownership. Together they purchased the interests of most of the original partners. Altman and new partners, including Richard Hadar and Jeffrey Feil, acquired the property for nearly \$140 million, inclusive of a new \$60-million first mortgage.

"I wanted to partner with people who held a similar vision for the property with a focus on the future," said Altman. "Our new investors recognize the need to continue upgrading to attract quality tenants. This property has always had incredible attributes, including heavy-duty construction, excellent natural light, stunning views, two lobbies, and five passenger elevators. We plan to make it an even more attractive asset."

Schenker will act as Managing Partner for the re-structured ownership. He sees tremendous potential return on investment due to the constrained availability for quality properties in the vicinity. Schenker will be actively involved in elevating 915 Broadway to the next level as a centerpiece of Silicon Alley/Flatiron.

### The Changing Neighborhood

Altman's unwavering confidence in the prospects for the site and the surrounding neighborhood has proven to be a solid decision, particularly in the past few years. At first, ABS focused on Midtown South because there was less competition and tremendous future value potential. Soon thereafter, tenants began to seek out the area, and the well-managed ABS properties and rental rates

increased as vacancy levels declined.

According to a recent report titled "New Tech City" from The Center for an Urban Future, a New York City-based think tank, Midtown South's zip code was the top in New York City for newly funded start-ups founded since 2007. The findings state that the highest concentrations of these companies are located between Union Square and Madison Square Park. There are over 1,000 tech start-ups in the city and the number of incubators—programs designed to support entrepreneurial activity—has soared from zero in 2008 to 12 in 2012, according to the report.

Also, in the last five years, information technology jobs have increased 28.7%, from 41,100 to 52,900. In the same period, private sector jobs grew by just 3.6% and employment suffered in several of the city's traditionally strong industries, including the securities industry, publishing, legal services, and manufacturing.

Not surprisingly, the technology industry has had a striking and rapid impact on the city's real estate market. According to the Center, its footprint has increased from 3.8 million square feet in 2010 to 6 million square feet this year.

Of course, the location is a huge draw. Equally convenient to Union Square and Madison Square Park, the location allows access to green space plus a host of well-known eateries as diverse as Eataly, Shake Shack, Union Square Café and Coffee Shop, to name only a few. Society Billiards, occupying the entire lower level of 915, is another "great escape" for tenants.

"The neighborhood itself is a huge benefit to any tenant," said James Caseley, Partner and Executive Managing Director for ABS. "ABS's office is four short blocks away. We could have moved to midtown, but we chose to be in this area instead. We enjoy the area amenities, and we keep in close contact with our properties, too."

### The Center Of It All

Among the many reasons that 915 Broadway has been so successful include a coveted corner location and features like 24/7/365 access, redundant fiber-optic loop insuring uninterrupted high-bandwidth service, and the availability of prebuilt space of modern, flexible design. The building can accommodate short-term tenants in prebuilt spaces ranging from 1,200 to 5,000 square feet and then accommodate accelerated business growth. Also, having two significant tech industry names, General Assembly and Union Square Ventures (USV), on the tenant roster, has made 915 Broadway a "go-to" location in the neighborhood and a hub of activity.



New tenant installations such as Union Square Venture's above, reflect the atmosphere preferred by techno-centric companies gravitating to the area.

The views from the high floors are impressive, but many lower floor units can also enjoy views past the Flatiron Building and north to Midtown.

General Assembly, a center for guidance, education and networking for entrepreneurs and start-ups, recently signed a deal for the entire fourth floor of about 13,000 rentable square feet. USV is a preeminent technology venture capital firm and has beautifully built offices throughout entire 19<sup>th</sup> floor.

"Having both education and financing companies occupy space has created a synergy and brings a tremendous amount of notoriety to the building," said Caseley. "General Assembly is the leader in their industry, providing a community for young entrepreneurs and jump-starting the evolution of new industries."

Firms such as Jump Associates, a national branding and marketing company, and Adap.tv, which markets a product that allows companies to plan, buy, sell, optimize and measure video and television advertising across any screen, also add to the vibrancy of the site. Adap.tv grew an astounding 5,872% from 2008 to 2011.

#### Planning For The Future

ABS has embarked on a building-wide enhancement program to improve the common hallways and restrooms on all multi-tenant floors. Other planned upgrades include constructing a two-story lobby which will be widened by recapturing a portion of the retail space, then upgrading the retail space when the current tenant's lease expires in 2014. To help facilitate the flow of traffic for General Assembly, ABS will upgrade the 10 East 21<sup>st</sup> lobby for their semi-private use.

ABS hopes to sign an upscale housewares or fashion retailer that fits the character of the neighborhood. Said Caseley, "ABC Carpet and Restoration Hardware surround 915 Broadway, and Brooks Brothers

recently opened one block south. Broadway has become a pedestrian-friendly avenue due to recent streetscape upgrades performed by the NYC Parks Department, so we are bullish on Broadway retail."

Schenker added, "Our plans include making improvements to both lobby entrances, common areas and tenant space, in addition to expanding and modernizing the retail space and upgrading the technology capacity to better serve the tenant base."

Caseley and Managing Director Carol R. Sacks lead the leasing campaign with prime space expected to come available in the next two years. It is likely that there will be space on the second, third and fifth floors totaling approximately 40,000 square feet, in addition to space on the 16<sup>th</sup>, 17<sup>th</sup> and 18<sup>th</sup> floors. The upper-floor availabilities offer panoramic views in four directions and great natural light. "Our strong preference is to secure full-floor tenants instead of multi-floor tenants for these tower floors," said Sacks.

"915 Broadway is an excellent case study for the New York City commercial real estate market because the ownership has repositioned the property to be responsive to changing times and evolving tenant needs," said Schenker. "So much of its success story can be traced back to Earle Altman sticking to his guns and believing in his vision."

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