

THE WALL STREET JOURNAL

GREATER NEW YORK

June 20, 2011

Sale of New Rochelle Site Revives Development Talks

By Dawn Wotapka

Efforts to revive New Rochelle's downtown have gotten a boost from the sale of a blighted former movie theater to a buyer who plans to rehabilitate the eyesore and, possibly, build an apartment building on the site.

A venture of ABS Partners Real Estate LLC and Brause Realty Inc. has paid about \$2.6 million for the 53,000-square-foot building at 587-599 Main St. that in its heyday was a Loews movie theater but later became the Palladium nightclub. For now, the new owners plan to upgrade the property and rent it to small retail and office tenants.

But when the economy gets stronger, the venture may revive a plan to develop apartments on the site, says Jason Fein, associate managing partner with Manhattan-based ABS. "It might be a short wait, it might be a longer wait," he says.

New Rochelle has shown signs of progress as city leaders and businesses have tried to reverse decades of decline. Several major residential projects were built there in recent years, including the Trump Plaza condominiums and multistory rental buildings with more than 1,000 units developed by AvalonBay Communities Inc., one of the nation's largest apartment companies. But the downturn has slowed New Rochelle's effort to restore itself as a bustling transit-oriented hub. An earlier plan to develop housing at the Loews site was shelved. Because of slow sales, some Trump Plaza units are offered on a rent-to-own basis.

The theater site mirrors the tale of many early American suburbs. New Rochelle, mostly known as a bedroom community serving New York, saw tremendous growth and success during the first half of the 20th century, says Mayor Noam Bramson. Back then, the Loews theater was part of a flourishing downtown benefiting from its affluent residents and proximity to the city.

But the city "went through a 50-year stretch of very significant economic challenges," Mr. Bramson says. Americans nationwide began abandoning their picturesque urban cores in favor of suburban neighborhoods and shopping malls. The New Rochelle area slipped into a down-



The home of the Palladium night club closed in 2003.

ward spiral that bottomed out in the early 1990s, Mr. Bramson says. The city lost its Bloomingdale's department store in the 1970s. The theater, made obsolete by larger facilities with multiple screens, was also shuttered.

The shell later housed the Palladium night club, which closed in 2003, because of problems with drugs and underage drinking. "The streets were just out of control," recalls Ralph DiBart, executive director of New Rochelle's Downtown Business Improvement District.

During the housing boom, the .77-acre site was under contract to be sold to White Plains-based M Squared Development, which had earned approval to build more than 150 residences—both condos and rentals were considered—a three-level parking deck and retail space. But the housing market crashed before construction started and M Squared abandoned the deal. "It was a project where everything was going for it except the final timing," Mr. DiBart says.

Andrew Buzzi Jr., the attorney representing the property's seller G & G Properties LLC, says the men who have owned the site since the late 1980s are retiring. "Their kids have grown up, they've gone on to their own professions," he says.

The property was auctioned and the deal closed last month. Auctioneer Oren Klein with Tranzone Integrated Property Group says the existence of a former redevelopment plan helped the site command a higher price. "We definitely looked at it as a development opportunity," Mr. Fein said. "We like what we see in New Rochelle."