



## Letter of Intent - Downtown Retail Boom

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Downtown retail is the new "must-have," with titans of real estate scrambling for a piece of the action. One major driving force behind retail acquisition is the rejuvenated Financial District, with luxury shopping center Brookfield Place and the Westfield Group's World Trade Center drawing excitement and super high end retailers to the area (H&M, headed to Brookfield, and Tiffany & Co., slated for a coveted ground-level space at 3 World Trade Center). Brookfield and WTC have sparked even more developments though, as Pier 17 and the new Fulton St. Transit Hub will house retail, dining, and entertainment. The scurry has commenced for retail space on Fulton St. and its offshoots on Broadway.

Banks have also regained their appetite for lending on retail, especially the prime assets, as retail visionaries have paved the way for a sharp rise in tenancy and asking rents. As trend-setting leases are inked, an optimistic outlook on leasing activity in the downtown area has led many institutional investors to take a piece of the action and gain exposure within this sub-market. The vast majority of investors are still expressing very strong interest in retail, and the steady decline in cap-rates has not thwarted potential suitors, although research suggests that retail properties in default will soon be brought to the market by lending institutions and will help stabilize the market and make retail investment more attractive and accessible to a multitude of investors.

Investment sales and advisory firm Berko & Associates president, Joe Berko, confirms that New York brokers have seen a sharp rise in activity recently; investors are aggressively looking to allocate funds into top-quality retail assets, as we just saw Thor Equities purchase 120 Greenwich St., a site with top exposure to the multitude of tourists and visitors to the WTC Memorial Site.

Retail is on its way up. The influx of investment into the sector is a reassuring signal of the market's strength and bodes well for investors looking for a safe haven to allocate their funds in a high-growth locale with tremendous opportunity and upside.

Lee Silpe is the senior analyst at Berko & Associates, New York, N.Y.

New York Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540