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THE LARGEST COMMERCIAL/INVESTMENT NEWSPAPER COVERING THE STATE

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Tuesday, November 26, 2013

No man's land to NoMad: The invention of a neighborhood

Ron Cohen



The Besen
Group

Having worked at The Besen Group in the area for nearly a decade and watching it quietly emerge as a destination, I was intrigued to have a firmer grasp on a few details worth knowing. Starting with: what are the exact neighborhood boundaries? What's backstory to this area? The buzz surrounding the neighborhood now known as NoMad (North of Madison Square Park) has been growing ever louder in recent times, and was officially sealed in our nomenclature with the opening of The NoMad Hotel in March 2012.

Where is it?

I had a conversation years ago with a commercial landlord who has significant holdings in the area, which he himself referred to derisively as "the valley of low rents." I referred to as "the armpit of Manhattan." The "Brown Zone," or, as it's often called, the wholesale district - has been resistant to transformation in part



Tin Pan Alley at 43-47 West 28th Street, in 1910 and 2011

because it's not a blank slate like Dumbo once was. NoMad has arrived however, and is continuing to evolve. If inclusion on Wikipedia is the present indication of being on the map, it is officially on the map. Speaking of map, there still isn't one that appears to be an official demarcation of the area. Existing information indicates that it is bound by 23rd to 30th St., and then Madison through to Sixth Ave. The area is bordered by the Flatiron District and Gramercy Park to the South, Chelsea to the West, and Midtown/Times Square to the North. The Nomad Hotel is located at 1170 Broadway and 28th St., where doormen in black skinny suits gaze across the street to see the wholesale perfumeries still run by immigrant hustlers.

Brief History of The Hood

The area has an interesting, if not sordid past. By the late nineteenth century, business activity began to percolate around the park, and the area along Broadway above the park began to be subsumed into the Tenderloin, an entertainment and quasi red-light district replete with nightclubs, saloons and bordellos. In the late nineteenth and early twentieth century the area around 28th St. between Fifth and Ave. and Sixth Aves. was dubbed Tin Pan Alley due to the prominent group of music publishers and songwriters who convened there. Around the same time, the 1913 Armory Show took place at the 69th Regiment Armory on Lexington Ave. between 25th & 26th Sts. and was a landmark event in Modern Art

history. The neighborhood deteriorated somewhat during the mid- and late-twentieth century. Tee-shirt, luggage, perfume and jewelry wholesalers began lining the storefronts along Broadway from Madison Square to Herald Square, and wholesalers continue to dominate that stretch.

Madison Square Park: Where It Begins

Created in 1847 and having fallen into disrepair, the 6.2 acre Madison Square Park underwent a total renovation which was completed in June 2001. The City Parks Foundation, a nonprofit group devoted to restoring parks, spearheaded the project and the Madison Square North Historic District was subsequently created on June 26, 2001 by the city's Landmarks Preservation Commission. A 15-year, \$35 million restoration scheme led by the Madison Square Park Conservancy injected new life into the park and surrounding area. Shake Shack opened within the park in July 2004, drawing hoards hungry for their sumptuous burgers.

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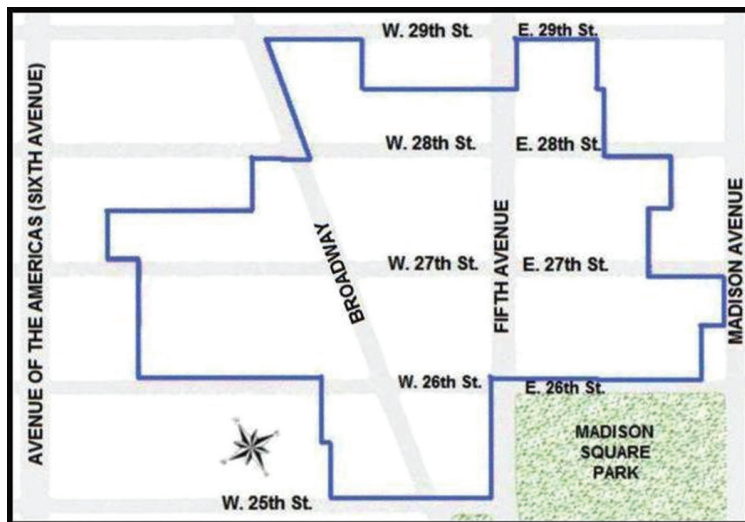


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Part 2 of 6: Madison Square Park: Where It Begins

The Madison Square North Historic District lies north and west of Madison Square Park, and the district's boundaries are irregular. The main southern boundary is 26th St. between Madison Ave. to somewhat west of Broadway is included. On the north, the district goes no further than 29th St., but portions of it stop at 28th St. or between 27th St. and 28th St. From east to west, the district is entirely between Madison and Sixth Aves., without encompassing the entirety of any of these blocks.

According to the Commission's Designation Report, the District: "consists of approximately 96 buildings representing the period of New York City's commercial history from the 1870s to the 1930s when this section prospered, first, as a major entertainment district of hotels, clubs, stores and apartment buildings, and then, as a mercantile district of high-rise office and loft structures."



Madison Square North Historic District map

Nomad... double entendre?

By definition, a nomad is "a person with no settled home, who moves from place to place as a way of obtaining food, finding pasture for livestock, or otherwise making a living. Most nomads live in tents or other portable shelters. Upon surveying the lobby of Nomad predecessor the Ace Hotel, the literal meaning of the word comes into focus. The guest profile of the Ace was once described to me by Michael Suomi, principal, design & marketing director of Stonehill Taylor as "backpacker with a trust fund." These nomads, however, have designer vagabond duds. Suomi was responsible for The Ace's architecture, as well as the architecture and historic preservation of The NoMad.

Who coined the name?

The term NoMad has been floating around since the late '90's, and was first brought to wider attention in an August 1999 New York Times article by Elaine Louie entitled "The Trendy Discover NoMad Land, and Move In." According to the article, at that time the fashionistas were moving into the unfashionable neighborhood, where "an occasional prostitute still hovered around the corner of Lexington Avenue and 27th St." Danny Meyer opened Eleven Madison Park and Tabla in 1998, and Madison Square Park was revitalized in 2001. The Ace Hotel created a unique destination upon

its opening in 2010, which was the tipping point. "It's like a hot-neighborhood starter kit," one broker was quoted as saying in reference to the Ace. When plans were first unveiled for the Nomad Hotel in 2008, they announced that the hotel would be located in "the newly established NoMad district," which "consists of upscale residences, retail shops, creative agencies and renowned restaurants." Yet at the time, there really was no official neighborhood called NoMad. Another influential article later appeared in April 2010 in *New York Magazine* called "SoHo. Nolita. Dumbo. NoMad: Branding the last unnamed neighborhood in Manhattan." Credit is largely due to Andrew Zabler of The Sydell Group (formerly at GFI Development) for branding the neighborhood, and better yet, making it stick. In that article Zabler was heralded in the same context as Chester Rapkin, a University of Pennsylvania professor and urban-planning expert who named SoHo, and David Walentas, who created and owns much of DUMBO. *(To be continued.)*

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Part 3 of 6:

Gastro-Mad: Built on Food

It has been said that fashion follows food, and the story of this neighborhood would be incomplete without mention of it. There are countless restaurants hiding within plain sight. Danny Meyer was undeniably a pioneer in creating several destination restaurants that deserve credit for helping put NoMad on the map. Shake Shack opened in Madison Square Park in 2004, drawing lines of people waiting an hour to buy an \$8 cheeseburger. Across the way on the beginning of Madison Ave. he instituted Eleven Madison Park, which continues to be a Michelin-rated success, along with Tabla, a groundbreaking Indian fusion eatery that was ahead of its time. In 2006, A Voce opened at 41 Madison Ave. & 26th St. to much adulation and has since added a Time Warner Center annex. SD26 opened at

16 East 26th across from the park in 2009, a contemporary Italian restaurant from the former San Domenico team. At 238 Fifth Ave. there's Illili (pronounced EE-LILY) that serves Lebanese dishes in a cavernous, sexy space. Dos Caminos on 375 Park Ave. South was one of the first of several successful haute-Mexican locations for the B.R. Guest group. The Ace features an on-premise Michelin-starred restaurant, The Breslin Bar and Dining Room, which is operated by Ken Friedman and April Bloomfield, the same winning team who created The Spotted Pig gastropub. The Ace also brought Stumptown Coffee Roasters, a Portland-based purveyor whose practices and quality standards have been said to have "revolutionized the coffee business." More recently, the restaurant at The Nomad has gained notoriety, helmed by a former Eleven Madison Park chef. And in August 2010 came game-changer Eataly, a 32,000 s/f Italian artisanal market at 200 Fifth Ave., which features an 8,000 s/f rooftop garden (Birreria) and six restaurants under the guidance of Mario Batali and the Bastinich family.

Hotel Hotbed

NoMad is more recently defined by its hotels. In 2007, GFI Development acquired a run-down hotel at 20 West 29th called The Breslin, named for its original proprietor, James Breslin, who opened it in 1904. The company formed a partnership with the Ace Hotel Group, a successful venture in Seattle and Portland, and agreed to bring a branch of the Ace here, which officially opened in 2010. The first Ace Hotel opened in 1999 in Seattle, where friends Alex Calderwood, Wade Weigel, and Doug Herrick purchased and transformed a Seattle halfway house into an affordable hotel that would appeal to creative types. According to Calderwood, the creative mastermind and face behind The Ace, the style and furnishing of each Ace property is designed to reflect its location, with an eye towards re-imagining properties that are "challenged." There is also a distinct philosophy around "creating an egalitarian atmosphere by bringing together creative types with tight budgets and more affluent travelers willing to trade down, as it were, in exchange for cool," stated a

March 2007 *New York Times* article entitled "Portland's Retro Fit Hotel." It went on to note that the hotel's name was inspired by the card: the highest or lowest in the deck.

GFI later purchased the Johnston Building, at 28th and Broadway, to develop into a separate hotel, which they decided to call The NoMad. In addition to the Ace and the NoMad, which put the neighborhood on the map, there are a number of nearby boutique hotels: The Carlton, The Roger Williams, The Gershwin, and The Gansevoort Park. And that will continue with the planned development of the first U.S. location of the Virgin hotel on Broadway and 29th St., along with Sam Nazarian's 190-room SLS branded hotel on 444 Park Ave. South & 31st St. There is also King & Grove opening at 29 East 29th St., from the group who created the sublime Rauschmeyer's in Montauk. (To be continued.)

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Part 4 of 6: Condo Boom

Residentially, the NoMad area has always been a nondescript place, in between “real” neighborhoods like Murray Hill and Chelsea. Where rents used to be affordable and condos were few and far between, the situation is rapidly changing. Numerous luxury residential developments are underway, starting with One Madison: the 50-story glass tower resurrected from foreclosure by a partnership between HFZ Capital and Related. One of the first noteworthy major condo conversions was the Grand Madison by The Elad Group (which converted The Plaza Hotel). The property formerly known as the Gift Building at 225 Fifth Ave. overlooks the park, and was first built in 1906 as the Brunswick Hotel. The Sky House was built in 2008 at 11 East 29th St., a 55-story luxury condominium with 139 residences where units are now selling for prices as high as \$1,600 per s/f.

More recently, Mitchell Holdings completed The Whitman at 21 East



10 Madison Square West
- Manhattan, NY

26th St., a boutique conversion of a former block-through plumbers' union building facing the park. Full-floor units there have reportedly sold to the likes of Chelsea Clinton and NASCAR's Jeff Gordon for upwards of \$10 million, and there is still a 7,000 s/f duplex penthouse with 4,000 s/f of outdoor space available for \$25 million. In reference to the neighborhood, David Mitchell of Mitchell Holdings commented that “NoMad has become a mecca for food, wine & hospitality.” 241 Fifth Ave., a 45-unit building roughly a block north of Madison Sq. Park, is already 70% sold. On the periphery at Park Ave. South and 28th St., there are two major residential projects in final stages of development: 400 Park Ave.



One Madison, 23 East 22nd Street,
- Manhattan, NY

South, a 40-story undulating steel & glass hybrid rental/condo by Equity Residential and Toll Brothers, and the Huys Condominium, a 58-unit luxury loft conversion by a Dutch developer that starting marketing in March and is over 50% in contract.

The other highly-anticipated residential project is 10 Madison Sq. West located at Broadway & 24th St., being co-developed by The Witkoff Group. “We have huge confidence in the NoMad area,” said Steven Witkoff in a *Financial Times* article in July 2013. He is converting half of the International Toy Center into 125 one-to five-bedroom condominiums, priced between \$1.5 and \$25 million. The FT article went on to state that 10 Madison Sq. West is indicative of NoMad's



The Whitman, 21 East 26th Street
- Manhattan, NY

thriving real estate market – which now commands more than \$2,000 per s/f, up from roughly \$1,500 in 2010. In a conversation as recent as December 2013, Witkoff stated that 93% of the units have already been sold, with pricing surpassing their projections by as much as \$1,100 per s/f. It has also been reported that prices there have hit a \$5,000 per s/f for select units. The building's penthouse is reportedly in contract for \$37 million and 30,000 s/f of retail was sold in October to investment group Savanna for \$60 million.

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Part 5 of 6: Commercial Real Estate Sales Activity

Building sales have increased in the area as well. A number of commercial buildings with desirable addresses traded, as prices approached peak levels and owners opted to sell to avoid the capital gains increase. The Madison Belvedere, a luxury rental apartment building at 10 East 29th St. off Fifth Ave. built in 1999 and managed by the venerable Rose Associates, was sold in 2013 to Dallas-based Invesco for the princely sum of \$300 million (\$770 per s/f). It has been renamed the Instrata NoMad. More recently, the sale of a 30,000 s/f retail condominium in 10 Madison Sq. West was sold in October to investment group Savanna for \$60 million.

Other noteworthy building sales have included:

- 15 East 26th St.: Rockrose Development Corp. and Savanna announced that 15 East 26th St., a 150,000 s/f boutique commercial office building located on Madison Sq. Park between Madison and Fifth Aves., was purchased by Rockrose for \$105 million (\$700 per s/f).

- 1205-1225 Broadway: assemblage comprised of office/retail buildings located on two lots makes up nearly an entire block front and corner along Broadway and West 29th. The 250,000



**62 Madison Avenue
- Manhattan, NY**

buildable s/f site sold for \$71.9 million in August 2011 to The Lam Group, who plans to build the first Virgin brand hotel in the U.S. at the location.

- The MAVE Hotel at 62 Madison Ave.: after emerging from five years of bankruptcy, Assa Properties (once owner of the Viceroy, which it rebranded as Cassa) bought it in October 2013 for \$28 million from secured creditors (via a court-appointed trustee).

- 10 West 28th St.: 5-story, 8,031 s/f commercial building abutting The Nomad Hotel sold on June 14th, 2013 to Nomad Hotel owners for \$5.98 million (\$744 per s/f), after being previously acquired by local investors in January 2011 for \$2.4 million.

- 256 Fifth Ave.: 12,960 s/f commercial building at 256 Fifth Ave., between East 28th and East 29th streets sold to power attorney Mark Geragos for \$8 million (\$617 per s/f in June 2012.) He reportedly



**202 Fifth Avenue
- Manhattan, NY**

intends to use it as a branch office for his law practice.

- 110 Madison Ave.: 8,687 s/f mixed-use building with Melo restaurant on a quiet stretch of Madison between East 29th and 30th Sts. sold for \$7.106 million to a developer in October 2012.

- 27-29 East 30th St.: a 40' x 88', 21,000 s/f elevator apartment building with 24 units and retail off Madison Ave. sold in September 2012 for \$18.25 million (\$865 per s/f), to The Nomad Land Company LLC.

- 202 Fifth Ave.: in May of 2012, the Commodore Criterion showroom building (manufacturer of Christmas/holiday ornaments) located at the apex of where Broadway and Fifth Ave. meet at 25th St., sold for \$40 million (\$2,766 per s/f). For a 14,460 s/f, 28' x 91' office building, this was an inexplicable price level.

- 16-18 East 30th St.: A 13,650 s/f commercial loft building sold to a Texas



**15 East 26th Street
- Manhattan, NY**

based investor for \$13 million (\$952 per s/f) in May 2013.

- 315 Madison Ave.: San Francisco-based Spear Street Capital bought the 20-story, 356,000 s/f office property from BCN Development for \$250 million (\$702 per s/f) in May 2013. The property had faced foreclosure since August 2012.

- 240 Fifth Ave.: 5-story, 11,350 s/f commercial building on Fifth between E27th and East 28th Sts. sold for \$7.7 million (\$678 per s/f) in October 2012 to PDK Worldwide Enterprises.

- 246 Fifth Ave.: after falling into disclosure and disrepair, this 6-story, 32,050 s/f commercial building on Fifth and the southeast corner of East 28th Sts. went into contract for \$19 million (\$593 per s/f) in August 2013 to an undisclosed buyer.

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Part 6 of 6:

If you look around, there are many noteworthy buildings in the NoMad neighborhood, the list below is highlighting many of them:

Next up in NoMad? A Real Ringer...and new Edition.

Beyond the development of the Virgin hotel, the storied one million s/f Ring portfolio changing ownership to Extell Development (and subsequently a portion of that to The Kaufman Organization), will have a noticeable impact on the area. There are several properties that have languished, sitting vacant for years, all of which offer tremendous repositioning potential. The trophy in the collection is 212 Fifth Ave., where no clever rename will be necessary. Located on the crossroads Fifth Ave., 26th St. and Broadway, it is a 21-story, 165,400 s/f office building with light and air on three sides. Within C5-2 zoning, use groups also allow for residential or hotel as-of-right. The acquisition also includes 251 Park Ave. South, a 100,000 s/f office building between 24th and 25th Sts. The building is 75% vacant and boasts 16-ft. ceiling heights on the upper floors. Given Extell's prolific success in high-end condominium development, that is a distinct possibility for these assets. The other properties located at West 27th St., were recently ground leased to Kaufman for 99 years, who will revitalize and lease up the properties for the white hot Midtown South office market.

5 Madison Ave., originally known as The



The Clocktower Building



200 Fifth Avenue - Manhattan, NY

Metropolitan Life Insurance Company Tower, Met Life Tower, or The Clocktower Building, is being transformed in the New York Edition hotel, Marriott's boutique brand in association

NOTEWORTHY BUILDINGS IN NOMAD			
Building	Address	Type	Owner/Developer
New York Life Building	51 Madison Avenue	Office	New York Life Insurance Company
Grand Madison	225 Fifth Avenue	Condominium	Elad Properties
Sky House	11 East 29 th Street	Condominium	Clarett Group
Church of The Transfiguration	1 East 29 th Street	Religious Institution	---
One Madison	23 East 22 nd Street	Condominium	HF2 Capital/Related
The Ace	20 West 29 th Street	Hotel	GFI Development/Ace Hotel Group
The NoMad	1170 Broadway	Hotel	GFI Development/Ace Hotel Group
230 Fifth Avenue	230 Fifth Avenue	Office	Newmark Knight Frank
Madison Belvedere	10 East 29 th Street	Rental Apartments	Invesco
The Carlton	88 Madison Avenue	Hotel	Marriott
The Whitman	21 East 26 th Street	Condominium	Mitchell Holdings
Gansevoort Park	420 Park Avenue South	Hotel	Gansevoort Hotel Group
200 Fifth	200 Fifth Avenue	Office	Olmstead Proprieties/L&L Holding
10 Madison Square West	1105 Broadway	Condominium	The Witkoff Group
Eventi	851 Avenue of the Americas	Hotel	Kimpton Hotels
Two Forty One Fifth	241 Fifth Avenue	Condominium	Victor Homes
Museum of Sex	233 Fifth Avenue	Retail/Mixed Use	Daniel Gluck
Met Life Building/Clock Tower	5 Madison Avenue	Office	SL Green
M Ave	62 Madison Avenue	Hotel	Asa Properties



Sky House



Ace Hotel

with Ian Schrager. It was constructed in 1909 and served as world headquarters of the insurance company until 2005. It was the world's tallest building for three years, until 1913, when it was surpassed by the Woolworth Building. The property was sold by Marriott along with two others in January 2013 for \$815 million to the Abu Dhabi Investment Authority. It will be conveyed to its new owner on its completion in 2015, and Marriott will continue to manage the hotels under long-term contract. Given the inherent architecture and inimitable style & savvy of Schrager, this could be yet another game-changer for the area.

Looking ahead, the neighborhood is expected to get even prettier. Supermodel Gisele Bundchen and her New England Patriots quarterback husband Tom Brady have reportedly bought a \$14 million apartment in One Madison (formerly One Madison Park). Perhaps they can double-date with Rupert Murdoch, who bought a \$57 million bachelor pad in the building.

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