

# How One Vanderbilt Will Radically Alter The Future Of Midtown

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Though the shovels **haven't yet begun digging** at SL Green's **1.7M SF** megatower, **One Vanderbilt**, it's not too soon to note that the **Kohn Pederson Fox**-designed building is going to **forever alter** Midtown's commercial real estate landscape.

In fact, a number of sweeping changes are **already afoot** for some of the area's aging office stock, which is undergoing massive upgrades, including **distinctive amenities, retail** and even **new property names**. We spoke to the developers behind some of these projects and other experts to get their take on what the addition of One Vanderbilt really means.

SL Green alumnus Gerard Nocera's firm, Herald Square Properties, has either owned or provided asset management for over **1.9M SF of office space** since 2009, including the **Lipstick Building** and **292 Madison Ave**.

One Vanderbilt "will have a positive ripple effect on the **entire Midtown** market," Gerard (above) tells *Bisnow*. "It will accent the age of the surrounding buildings and the need for further development."

Having also transformed **142 West 36th St** and **234 West 39th St** from staid pre-wars into **state-of-the-art TAMI buildings**, Herald Square Properties co-founder **Michael Reid** agreed. He also thinks One Vanderbilt will create **heightened demand** for more retail development in the area.

"In my opinion, you'll be **extending and enhancing** the retail you **now have at Grand Central Station**, which has already been going upstream since they

signed Apple," Michael says. "[In that sense], we do think there could be a fairly significant impact on retail with this project, especially since historically **you've had to go much farther** up on Madison to find higher-end retail."

Savills Studley managing director **Bill Montana**, who recently won REBNY's 2016 Broker Recognition Award says that One Vanderbilt "is going to be a **game changing building** in an area that hasn't any new development in **many, many years**."

He adds that "One Vanderbilt is going to be a catalyst that is going to prompt other owners to start investing in their properties. When you don't invest in your building, it turns into a **sleepy building that gets sleepy rents**."

Bill also says that "there are going to be some who don't have the ability, capital or wherewithal to make the necessary upgrades" and that the "**smart ones will find partners to help fund the improvements**."

Even so, Coldwell Banker Commercial Alliance managing principal **Peter Sabesan** predicts "**all the owners are going to reap the benefits of One Vanderbilt** because it's going to drive demand for the entire area," noting also that "it's always one of the **strongest submarkets**."

"It's certainly going to **change the Grand Central district forever**," Peter says, "and I think a lot of owners are going to see a positive impact on their bottom line."

Two nearby buildings that could potentially reap the biggest benefits are **425 Park Ave**, the **first Class-A office tower** to be built on the famous street in half a century that will be 897 feet tall and feature several double-height floors; and the renamed and re-massed **390 Madison Ave**, which is the **most ambitious re-massing** of a Manhattan building ever. Slated for completion in **mid-2017**, the **291-foot-tall, 24-story structure** will grow to **373 feet** and **32 stories**.

"A **number of important things** are happening in the area, specifically **Madison Avenue in the East 40s**," says L&L Holding Co managing director **Simon Wasserberger** whose firm is developing both 425 Park Ave and 390 Madison Ave. "It's all **mutually reinforcing**. One Vanderbilt is great for us and we're great for them. What we're doing is **not a reaction to One Vanderbilt**. It has everything to do with tenants' desire for quality work environments in New York in general and **Midtown in particular**."

**William Elder** of RXR Realty, the firm that purchased the nearby Helmslev

Building at 230 Park Ave for **\$1.2B last year**, also sees **plenty of upside**.

"One Vanderbilt clearly makes the neighborhood a better place," he says. "From an access standpoint to Grand Central and its modern infrastructure to the types of tenants it will attract, there are **positives all the way around**."

As Bill sees it, One Vanderbilt is just the start. The area is filled with old buildings—the Helmsley is **historic**, but some others are just old and obsolete. Bill says that it is critical that the Midtown East rezoning plan be **finalized** and **implemented**.

"That would allow more buildings to be constructed near the Grand Central transportation hub and fund improvements to access Grand Central," he says. "The plan would also permit **taller buildings to be constructed** and enable landmarks such as churches and synagogues to sell their air rights to developers."

that will go a long way toward bringing the neighborhood up to snuff with its **1,500-foot-tall future neighbor**.

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