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Harlem Project May Lure Big Store

By A.D. PRUITT



The site at 125th Street and Frederick Douglass Boulevard in Harlem where developers say some retailers have expressed interest in locating.

Kimco Realty Corp. says it plans to proceed with a stalled Harlem development as the shopping-center developer has found interest among several big-box retailers looking to lease space on the site.

The company, based in New Hyde Park, N.Y., had been considering pulling out of the planned retail project at 125th Street and Frederick Douglass Boulevard.

But Kimco has had a change of heart in recent weeks because leasing interest from retailers has intensified.

"The possibility of developing that site is much higher today than it was last year," David Henry, chief executive officer of Kimco said during an interview at a conference sponsored by the National Association of Real Estate Investment Trusts in Chicago. He declined to identify the retailers that have expressed an interest in the site.

Harlem's 125th Street enjoyed a retail renaissance about 10 years ago with several projects attracting national retailers like Marshalls, Men's Warehouse and AMC Magic Johnson Theatres. But the pace slowed even while the real-estate boom was continuing, partly because it was difficult for developers to assemble sites in prime locations large enough to attract national chains.

And then the recession hit. "Harlem is no different from Union Square, SoHo or anywhere else," says Benjamin Fox, president of Winnick Realty Group. "The economy has taken its toll.

Kimco and its joint-venture partner, Sigfeld Group LLC, acquired the 110-year-old building on 125th in 2007 for \$30 million. The venture hopes to develop a three-story retail complex with 60,000 square feet of

space. But with the development project's delay, the building today sits nearly empty, with most of the storefronts dark and boarded up.

The venture ran into trouble soon after it purchased the property when it tried to evict tenants, some of which had been popular with locals for decades. Five tenants also sued the developers alleging unfair relocation tactics. Under a settlement, the tenants receiving more than \$1 million, according to the tenants' lawyer, **Adam Leitman Bailey**.

Mr. Henry said Kimco is aiming to complete the project toward the end of 2011, adding that major retailers are interested in Harlem again due to an improving economy. "Harlem has always been an intriguing area because of its density and population," he said.

Harlem also offers tax benefits and other incentives to retailers and others that locate there through the Upper Manhattan Empowerment Zone.