

## East Harlem's Gateway Building searching for office tenant

By NATALIE KEITH

The Gateway Building, a project seen as vital to the future development of East Harlem, is looking for an office tenant.

"This is a real exciting project for Upper Manhattan," said Terry Lane, director of the Upper Manhattan Empowerment Zone. "It's a central part of our East Harlem strategy."

The 3-story, 39,000-SF mixed-use building on the corner of 125<sup>th</sup> Street and Lexington Avenue is already home to a Duane Reade pharmacy on the first floor and a

Seamens Furniture showroom on the first and second floors. It is being developed by 125<sup>th</sup> Street Gateway Ventures LLC, whose partners include ddm development and services and Communecon Group.

Developers are trying to find a tenant for the building's third floor which has 15,650 SF with wide column spacing and 16-foot slab to slab ceilings. G.E. Grace & Company, Inc., the exclusive leasing agent for the building, is hoping to find a single user to sign a 10-year lease for the space at \$28 a SF. It is being shown as raw space, but a

\$20 per SF work letter is included, developers said.

"We've had a lot of activity from non-profits and from other companies that want to have a presence in Harlem," said George Grace, of G.E. Grace & Company. "It's a market that's largely untapped and companies see an opportunity here."

In the slow economic times, some companies currently located in Midtown are considering Harlem because of the cheaper rents and other government-sponsored incentives such as the city's Relocation Employment Assistance Program, the state's

Empire Zone program and the federal empowerment zone program.

"A tenant can receive up to \$6,000 per employee in annual wage tax credits, plus substantial sales tax reductions, low cost power and even direct financial assistance in establishing high-speed Internet links," said Nina Demartini-Day, a principal of ddm development and services.

The Gateway Building, which is next to the mixed-use Gotham Plaza under construction and diagonally across from the Pathmark Center, is the latest develop-

ment in what many view as a Harlem renaissance. While retail development has been strong in the area, office development has been slow to follow suit. Also, much of the development has taken place on the west side of Harlem and officials are hoping to bring more development to the east.

Developers, brokers and others are hoping for the kind of "critical mass" necessary to turn the once blighted neighborhood into a bustling commercial center.

"We're trying to extend the boundaries of the pedestrian traffic from the west," Lane said. "This is the lynchpin project for making this happen."

Demartini-Day said the company has completed \$160 million in Harlem development over the past decade but the Gateway building is its first commercial development.

"There's a lot of buying power in the community that's not served," she said. "But it's still a challenge to get tenants up here."

The building was designed by the New York architectural firm Warren Gran & Associates and features glass and lightweight steel panels. An off-center core houses the building's elevator and stairs.

"The Gateway Building is unique in its timing to the market and in the special niche it establishes in the Harlem real estate market," said Michael Dirzulaitis, principal of the Communecon Group. "The space is open and bright with the high ceilings associated with the 16-foot-high ceilings usually found only in the lower Manhattan loft market."



Pictured are principals of 125<sup>th</sup> Street Gateway Ventures LLC (l. to r.): Nina DeMartini-Day, Michael Dirzulaitis, and Terrance Moan. For story, see pg. 12.

## Gateway leading the way for Harlem renaissance

Former President Bill Clinton may have garnered a few 15-second sound bytes for Harlem's rejuvenation when he located his office there, but the Duane Reade drug store and Seaman's Furniture showroom are, day in and day out, helping the new three-story Gateway Building lead the revitalization of East Harlem. The striking 40,000-SF building on the Northwest corner of 125th Street and Lexington Avenue has pushed East Harlem 10 points up on the livability scale, while offering potential tenants advantages found only in locating their business in an Empowerment Zone.

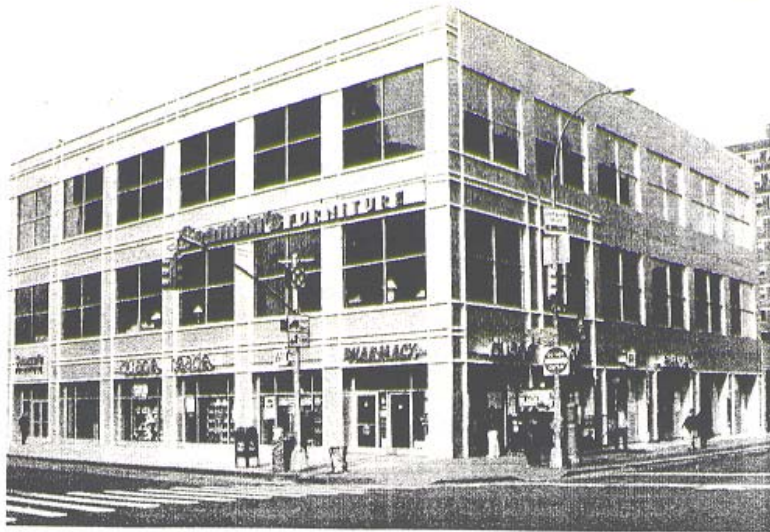
The attractive office rental rate is only \$28 per SF,

with a modest 3% escalation and real estate tax increases limited for 15 years. In addition, tenants get a work letter valued at \$20 per SF, selected on-site parking, 24/7 dedicated access, and a tenant-controlled HVAC system. About 15,000 SF of space is still available on the third floor. The exclusive real estate agent for Gateway is G.E. Grace & Company.

According to architect Warren Gran, Gateway has some unusually user-friendly features that have been especially welcomed in Harlem. Tenant merchants appreciate the security gates being recessed to the interior of the showcase glass, providing an open, warmer

view day or night. The building's floor plan also permits wide spans, relatively few columns, and the attraction of a great deal of natural light. The building is a result of a design-build competition conducted by the NYC Economic Development Corporation, which originally controlled the site.

The design and development team of Gran Associates and ddm Development were awarded the project. Nina Demartini-Day, a principal of ddm Development, said her firm has long been active in the neighborhood and has established itself as a trusted long-term partner dedicated to housing and community facilities.



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## SHOPPING CENTERS

### With Duane Reade drug store and Seaman's Furniture showroom New 40,000 s/f Gateway Bldg. designed by Gran Assoc. leading East Harlem's revitalization

**N**EW YORK, N.Y. — Former president Bill Clinton may have garnered a few 15-second sound bytes for Harlem's rejuvenation when he located his office there, but the Duane Reade drug store and Seaman's Furniture showroom are, day in and day out, helping the new 3-story Gateway Building lead the revitalization of East Harlem. The striking new 40,000 s/f building on the northwest corner of 125th St. and Lexington Ave., designed by N.Y.C. architects, Gran Associates, has pushed East Harlem 10 points up on the

livability scale while offering potential tenants advantages found only in locating their business in an Empowerment Zone.

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estate agent is G.E. Grace & Company.

According to architect Warren Gran, Gateway has some unusually user-friendly features that have been especially welcomed in Harlem. Tenant merchants appreciate the security gates being recessed to the interior of the showcase glass, providing an open, warmer view day or night. The building's floor plan, explained Gran, also permitted wide spans, relatively few columns and the attraction of a great deal of natural light. The building is a result of a design-build competition conducted by the N.Y.C. Economic Development Corporation, which originally controlled the site. The design and development team of Fran Associates and ddm Development were awarded the project. Nina Demartini-Day, a principal of ddm Development, said her firm has long been active in the neighborhood and has established itself as a trusted long-term partner dedicated to housing and community facilities, as well as commercial development.

## Harlem building fully leased

125<sup>th</sup> Street Gateway Ventures, LLC and G.E. Grace & Company, Inc. jointly announced that The Gateway Building is 100% leased. The entire 15,000-SF 3<sup>rd</sup> floor was leased to the New York City Chapter of NYSARC (commonly known as AHRC New York City) to replace a facility now housed in West Midtown.

Located at the corner of Lexington Avenue and East 125<sup>th</sup> Street, the three-story, 39,000-SF Gateway building is the first substantial mixed-used development to be completed in East Harlem in many years. The balance of the building is occupied by Duane Reade and Seaman's Furniture.

Designed by architect Warren Gran, the Gateway Building features sleek glass-and-steel construction, with high ceilings and abundant natural light. The building adjoins the Lexington Avenue subway station, eight local and express bus lines and Metro North's 125<sup>th</sup> Street Station.

AHRC New York City is one of the largest consumer-based non-profit organizations in New York City, serving over 8,000 clients. AHRC New York City was represented by Brian Gell of Insignia/ESG.

Michael Dirzulaitis, principal in the Communecon Group and a partner in 125th Street Gateway Ventures LLC, said that: "despite Sept. 11 and the slowdown of New York's economy, we never doubted that the office space would lease because of the buildings' distinctive design and its crossroads location in a revitalizing community."

George Grace of G.E. Grace & Company, Inc., the broker who represented the owner in the transaction, stated "AHRC New York City can more effectively serve a regional clientele from this central location. He added that "the development's principals have in depth experience in meeting the real estate needs of not-for-profit organizations which gave added assurances to the tenant and facilitated lease negotiations."

Nina Demartini-Day, a principal of ddm development and services and of the Gateway development team added that: "attracting a tenant from Midtown

speaks volumes about the positive changes that are rapidly occurring in the Harlem community. We see this as just the beginning, and plan to be a part of the area's continuing renaissance with the development of a 36,000-SF, Phase II building next door."

The Gateway Building is one of several new developments completed or planned on the East 125th Street corridor, comprising more than 200,000 SF of new commercial space giving momentum to Harlem's commercial revival.