

Profile/ Clifford Real Estate Services

New hope for Downtown building

By THERESE FITZGERALD

Can an office building improvement strategy that worked in Rockland County and later in midtown Manhattan prove successful in a turn-of-the-century Downtown property? Robert Kligerman and George Grace are sure of it.

Energized by their triumphs at Blue Hill Plaza in Rockland County and 290 Madison Avenue and 292 Madison Avenue, Kligerman and Grace, principals of Clifford Real Estate Services, are currently overseeing the complete rehabilitation and lease up of 15 Park Row, a 350,000-square-foot office tower in the City Hall area built in 1899.

"We doing about a cookie-cutter of disciplines," said Kligerman.

A Joseph Newman property, 15 Park Row is 50 percent occupied, mostly with tenants that are related to the city, state and federal courts.

Kligerman believes the primary tenant base and the building's proximity to City Hall is what gives the building such promise.

"When someone thinks of Downtown, they think of very high vacancies, which is true when you think of buildings connected to Wall Street," he said. "What we are in is a subdistrict that is comprised of Broadway from 350 Broadway to 17 Broadway -- the City Hall market.

"Most of our tenants relate to the courts," he said. "That is the same submarket that is 90 percent leased in our competing buildings."

Grace and Kligerman are working furiously to show space to court-related

tenants and others, and they are advising current tenants of their plans in order to stem any departures.

"We're giving them an idea of where we're going to give them a genuine feeling that there is positive change happening," said Grace.

Kligerman declined to reveal the price tag on the building's make-over that began in September, but he did say all the financing is in place. Capital improvements include: The total renovation of the elevators - mechanical and interiors, lobby, windows, plumbing, the public space and the exterior of the building. The physical changes and upgrade in services, he said, will bring 15 Park Row from a "C-" office building to an "A-" minus property. Despite all the physical change, Grace said, they will keep the interior in the "traditional motif."

'We've really been able to change the perception from the inside out, i.e. the tenants.'

As Kligerman and Grace took this reporter on a tour of the building, they more than once stopped to point out the view from 15 Park Row. In addition to the Woolworth Building, which they count as a direct competitor, other older and architecturally significant buildings can be seen, among them: City Hall, the

Manhattan Municipal Building and the Federal Courthouse.

"It has a very European feel when you look out some of the windows, said Grace.

15 Park Row has its own place in histo-

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ESTATE
WEEKLY

November 11, 1992



At their newest assignment, 15 Park Row, are Robert Kligerman (L) and George Grace, principals of Clifford Real Estate Services.

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ry as having been the largest building in the world when it was built in 1899. It was unseated shortly after by the Woolworth Building.

'Cookie-cutter' Disciplines

The techniques being applied to 15 Park Row had their beginnings at Blue Hill Plaza in Pearl River New York.

The 1.2 million-square-foot building was built in the early 70's by the Uris brothers with the belief that the New York Stock Exchange would take a large block of space — it never did. In the project's first 20 years, it had had a variety of owners, leasing and managing agents. Occupancy in the late 80's had climbed to 90 percent, but the decline of the real estate market and a reduction in management expenditures, had threat-

ened to empty the building. A number of major tenants -- including NYNEX, MetLife, and Allstate -- were about to exercise their options to vacate. That's when Clifford came on the scene and turned its sites to asset management. They improved cleanliness and communication and convinced the tenants with one foot out the door to stick with the building. Their aggressive campaign to lease up the building included promotional materials with high-quality, full-color renderings of the Skidmore Owings & Merrill design.

"It's a self-fulfilling prophecy," he said. "This is our vision and this is the way we'd like tenants to view the properties themselves."

Indeed, leasing at Blue Hill has been restored to 90 percent.

Primary in their approach, Kligerman

said, was, for the first time in 20 years, there was an on-site leasing agent.

"I housed myself there full time," he said. "That had never happened," he said. "I was able to stem the tide of existing tenants leaving by changing everything."

Midtown Project

Kligerman and Grace report that their next assignment to renovate and lease up, 21 East 40th Street, 290 and 292 Madison Avenue, totalling 360,000 square feet, has resulted in slightly less than 100 percent occupancy in 12 months.

Located just south of Grand Central, Kligerman said, the properties were suffering a bit of a public relations problem and, they were looked upon by the leasing agents as "second sisters."

"We've really been able to change the

perception from the inside out, i.e. the tenant base," Kligerman said.

The Blue Hill Plaza and Madison Avenue assignments derived from the work-out of the \$1 billion Berisford/Newman portfolio, recently completed by The Clifford Companies, the parent company of Clifford Real Estate Services. In all, the Clifford Companies is currently managing more than 6.7 million square feet of office space, including the recent acquisition of properties in Irvine, California, and Las Vegas, Nevada, 35 shopping centers and 2,000 residential units throughout the United States.

Kligerman said they are able to be flexible in pricing the properties in their charge because Clifford is given a lot of discretion by the owners. In a sense, he said, they "become an armature of the owner." In addition, he said, Clifford is a small company without a lot of levels.

"We don't have the overhead so we are able to make it cost-effective for us to move into the property and break the back of the leasing," said Kligerman.