

**With Hell's Kitchen Getting So Hot... Can Ninth Avenue Keep Its Cool???**  
**By, Dylan Murphy, Massey Knakal Retail Leasing Services**

“Hell’s Kitchen” brings to mind Irish gangsters, underground speakeasies and a general film noir mystique that has foiled every intention to rename the area “Clinton” or “Midtown West.” The neighborhood’s residents and business owners alike take a definite pride in the district’s extremely colorful past. Taking a stroll down Ninth Avenue, the neighborhood’s primary retail center, it seems that nearly every business on the strip has either “Hell’s Kitchen” or “HK” in its name or branding. However, while they are still projecting a certain “edgy” sensibility, the Ninth Avenue corridor in the West 40s and 50s has become home to some of the finest dining and nightlife establishments in the city. Even though the neighborhood has been slowly developing for the last 15 – 20 years, the Ninth Avenue retail corridor has exploded. Patrons are flocking from all over the city to partake in the neighborhood’s seemingly never ending variety of eating and drinking experiences. This incredible influx of revenue has caused skyrocketing retail rents that are driving real estate values to record levels and creating an intense competition between New York’s top restaurateurs to open Hell’s Kitchen outposts. It is clear that this trend will only continue.

In contrast to the generic redevelopment that has scrubbed so many of the city’s more colorful business districts, Ninth Avenue has managed to hold onto an identity all its own. Its businesses are quirky, diverse, edgy and dramatic. While many of them are a touch on the small side, frequently only 500 – 1,500 square feet, it allows for specialized restaurants like Empanada Mama (763 Ninth Avenue) or unique cuisines like Balkanika (691 Ninth Avenue) to be able to thrive and build large followings.

One of the most dramatic influences on Ninth Avenue’s unique appeal has been the migration of gay nightlife. Over the last decade Hell’s Kitchen has replaced Chelsea as the epicenter of the gay social universe bringing in a wide array of eating and drinking establishments. These include theme destinations like Flaming Saddles (793 Ninth Avenue) with a Western vibe, and Boxers HK, a gay sports bar that is absolutely packed all weekend long. The newest addition to HK’s gay nightlife repertoire is the Atlas Social Club (753 Ninth Avenue) or A.S.C. This 5,000 square foot



275 Madison Avenue, Third Floor  
New York, NY 10016  
March 24, 2014

Shannon Krause, PR Manager  
skrause@masseyknakal.com  
www.masseyknakal.com

“speakeasy” has been a nearly overnight success for owner Ben Maisani, who is known to be Anderson Cooper’s long-term boyfriend.

Another notable celebrity-owned Ninth Avenue establishment is the HK hotspot Southern Hospitality (645 Ninth Avenue). Partially owned by Justin Timberlake, the restaurant offers a solid selection of standard Southern BBQ favorites served with the warm welcoming attitude that the name would suggest. It is likely that the restaurant’s long-term lease for the corner retail space was a significant factor in the record pricing that was paid last year for both the 15,200 square foot building at 643-645 Ninth Avenue, as well as the 6,694 square foot property at 947 Ninth Avenue at a strong \$1,165 per square foot. This has established a clear high-water mark and indicates just how strong demand is along this retail corridor.

Another clear indication of just how hot Ninth Avenue has become was the sale of 859 Ninth Avenue, the former home of Italian restaurant Puttanesca. It was brought to market last year by Massey Knakal brokers Paul Smadbeck and Christoffer Brodhead. Initially listed at \$15.5 million, there was an intense demand with more than 20 offers at or above the asking price. The property closed in less than 30 days at a price that was higher than anyone would have expected. The new owners have rapidly brought the ground floor retail space to market. Prominently located on the southwest corner of West 56<sup>th</sup> Street and Ninth Avenue, this recently renovated former restaurant space has up to 4,250 square feet, 140 feet of frontage and a 2,200 square foot basement. It is currently being marketed by Massey Knakal’s retail division. This is unquestionably the largest and most visible corner retail space to come to market on Ninth Avenue in many years and it is getting a tremendous amount of attention. Beyond the expected demand from local eateries, nightlife, and bank tenants, there has been strong interest from retail sectors that are new to Hell’s Kitchen. There are white glove fine dining establishments, upscale apparel retailers, and chic home décor concepts that are seriously considering the coveted storefront.

Inevitably, Ninth Avenue’s success has caused some heart-breaking casualties over the last few years. Some of HK’s most beloved businesses have closed due to rising rents. Residents have



275 Madison Avenue, Third Floor  
New York, NY 10016  
March 24, 2014

Shannon Krause, PR Manager  
skrause@masseyknakal.com  
www.masseyknakal.com

mourned the loss of such long time landmarks as Victoria's Supermarket (now American Apparel and T-Mobile at 610 Ninth Avenue), Bruno Ravioli (now La Carafe at 653 Ninth Avenue), and Pozzo Pastry Shop (now Room Service at 690 Ninth Avenue). Just last year, Stiles' Market (569 Ninth Avenue) and the neighboring Big Apple Meat Market, both located across from Port Authority for decades, were demolished to make way for the new Times Square Hotel at 400 West 42<sup>nd</sup> Street.

The new hotel will definitely be much more "Times Square" than "Hell's Kitchen" and this means that the Ninth Avenue that the HK community knows and loves will be starting one block further north. Owned by a partnership of the Friedman Group and the Landis Group, the Times Square Hotel will be an impressive 25-story tower designed by Handel Architects according to the New York Immigration Fund website. NYIF is apparently raising capital through the EB-5 international investment program which has become so popular among major developers in the last few years. The program makes it possible for foreign nationals to invest a minimum of \$1,000,000 in U.S. businesses that create at least 10 jobs in exchange for a permanent resident status. The hotel is slated to be completed sometime in 2015 and is expected to have 527 pod-style rooms measuring 140 square feet, as well as 35 extended-stay rooms with a moderately larger floor plan. Featuring two floors of Class A retail and a "residential sky lobby" with outdoor space, the project will dramatically impact the character of Ninth Avenue south of West 42<sup>nd</sup> Street. The impact on retail rents has already begun as Vornado Realty Trust, who operates the retail at the Port Authority Bus Terminal, is asking as much \$300 per square foot for the 4,785 square foot ground floor retail space directly across from the hotel beneath Frames Bowling Alley on Ninth Avenue between West 40<sup>th</sup> and West 41<sup>st</sup> Streets.

As the neighborhood continues to develop, a much broader spectrum of residents are patronizing the Ninth Avenue establishments. There have also been millions of square feet of office and hotel projects erected in the Times Square area to the east, which has become New York City's number one tourist attraction. Soaring retail rents reaching as high as \$2,000 per square foot have caused a westward migration of more entertainment businesses which are bound to affect the retail character of Ninth Avenue in the years to come. This creates a familiar dilemma that has played out all across



Realty Services

275 Madison Avenue, Third Floor  
New York, NY 10016  
March 24, 2014

Shannon Krause, PR Manager  
skrause@masseyknakal.com  
www.masseyknakal.com

the city. While progress and development are obviously a tremendous boom to the area's landlords, how will it affect the neighborhood's distinctively edgy character? Will the neighborhood continue to be the center of the gay nightlife community, or will somewhere else be the next LGBT hotspot? Will quirky, distinctive dining concepts be able to pay \$300 per square foot in the not-so-distant future? In the face of this relentless pressure to gentrify, the question is: ***With Ninth Avenue getting so hot... can Hell's Kitchen keep its cool???***