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From Adams to Austin St., Outer-Borough Retail Goes Vertical

By Jacqueline Hlavenka

Muss says retail is the strongest sector in the family portfolio.

NEW YORK CITY-With more than five million square feet of commercial, residential, industrial and retail space throughout the five boroughs, **Muss Development**—a 106-year-old New York family-owned real estate company—is continuing its strong focus on urban retail in the city's outer-boroughs. As new stores and restaurants continue to pop up on **Adams Street** in Downtown Brooklyn and Austin Street in Queens, **Jason Muss**, the company's principal, talked with GlobeSt.com about leasing efforts in these neighborhoods—plus new prospects for multifamily and office.

GlobeSt.com: You've been actively redeveloping Downtown Brooklyn with new retail and restaurants as well as a new Marriott Hotel. What is your long-term vision for that neighborhood?

Muss: We believe this is the connecting neighborhood to other great neighborhoods in Brooklyn, like DUMBO, Brooklyn Heights, brownstone Brooklyn, Fort Greene, the Barclays Center, but also Downtown Manhattan. With the New York Marriott at the Brooklyn Bridge, there is tremendous amount of mobility, and we will continue to service Downtown Manhattan in addition to Brooklyn. We have a unique situation there for that hotel, and because of the fact that it has such great capacity to handle all kinds of events. The idea of tourists coming to Brooklyn has become a real incredible thing over the last five to ten years. We have the World Trade Center, the Statue of Liberty, Prospect Park – and the amount of pedestrians that walk along the Brooklyn Bridge and pass our hotel is really incredible. Downtown Brooklyn will continue its strength. Some of that strength is found at 345 Adams St., our retail property adjacent to the hotel where we find Panera Bread, Sugar & Plumm, American BBQ and Beer Co., all within the last year, and we have other tenants pretty close to signing. We are very excited about North Brooklyn in general. So many things are happening in Downtown Brooklyn that it is going to continue to strengthen our office building there, which is over 900,000 square feet of fully occupied Renaissance Plaza, the hotel which continues do well and has incredible potential for the future.

GlobeSt.com: Do you think the opening of the Barclays Center will help fuel that momentum even further?

Muss: I believe the Brooklyn Nets are going to be very good for business in Downtown Brooklyn. They've actually just signed on for their corporate offices at 15 MetroTech in Downtown Brooklyn. They will be a very important piece of Brooklyn. They are not calling themselves the New York Nets – they are calling themselves the Brooklyn Nets, and I think they are making a statement with that. They intend on making Brooklyn their home, and the arena itself will have hundreds of events a year, and all the people that go to these events – whether it is the court staff, the participants or the coaches – different groups and users of the arena will need to stay somewhere of institutional quality in a full-service place. The hotel will certainly benefit, and in addition, the shopping and the nightlife and the whole vibe in the neighborhood can't help but benefit.

GlobeSt.com: Let's now look to your Southern Brooklyn multifamily portfolio. Since you are expanding your Oceana condominium project, are you confident about the future of condo sales despite the downturn in the housing market?

Muss: It is a 865-unit, 15 building project on 15-acres in Brighton Beach, which is a world-famous place. Right outside of the project, there is an express train to Manhattan and incredible roadway system that takes people to JFK Airport, Staten Island and New Jersey very easily. It is a singularly unique project in that at the height of the recession, there were never more than eight or 10 units out of the 865 units sold in the project. It always hard and remains very difficult to find any re-sale units at Oceana. You can go on any websites out there and look for them and you won't find them. And prices always held steady at Oceana. We never had discounts or cut downs on price, because we knew we were serving a community that needs quality housing. They need the amenities. We have an indoor and outdoor pool, an indoor workout facility and parking for 1,200 cars. People in Southern Brooklyn were looking for an environment. People were looking for a broader community. It is on 15 acres and you feel like you are in a different world when you are at Oceana. The values there are very strong. Depending on the size, we've held very steady at the $625 to $650 a foot range. And we are building a new building there. We have one more development site that we are working on, which will be around 50 or 60 apartments. We are actively planning it right now with our architect and our consultants, and we expect to commence that project in the near future. It's been about four-and-a-half years since we built our last one, so there's really pent-up demand for more product in the Oceana.

GlobeSt.com: Now let's look to the Queens office market. After JetBlue left 118-135 Queens Blvd. in Forest Hills. How are you working to fill that space? What types of tenants are looking there?

Muss: First of all, we have one of world-class teams of brokers in New York City working on it, Jones Lang LaSalle's Peter Riguardi and Ken Siegel. What we've been all focusing on together is location and value and connectivity. The fact that in Forest Hills, the E and F train go right into our building and we have access to the Queens market which is over 2.3 million people, it is an extremely important market that is very undersupplied in terms of office buildings. We've been getting a strong mix of medical, educational, institutional and government tenants, and we are in very favorable discussions and negotiations with tenants and we expect to start doing deals in the next year and actually signing an announcement deal.

GlobeSt.com: Out of your entire portfolio, what is your strongest sector and why?

Muss: A year ago I may have had a different answer, but right now, I would say all our sectors are extremely strong. If I had to isolate one part of the portfolio, I would say retail in areas such as Brooklyn, Queens, Staten Island and Manhattan. 345 Adams St. has been progressing extremely well as I discussed before with Panera, Sugar & Plumm and American BBQ, but Austin Street –the center of Forest Hills— is another great example. Right now Welco is representing our retail space there, but we only have 5,500 square feet of remaining retail in a center that has Barnes & Noble, TGI Friday's, Starbucks, Eddie Bauer, Men's Warehouse and is across the street and adjacent to a whole fantastic outdoor mall of great tenants on Austin Street. On the overall, we have shopping centers, and the ones we have in Queens, Staten Island and Brooklyn remain virtually 100% leased with supermarket and drugstore-type anchors. And the retail space that we have at the base of buildings, such as 64 West 48th St. in Manhattan and Flushing Plaza in Queens, have been doing extraordinarily well. Just in Flushing Plaza alone in the last year, we signed Duane Reade, a jewelry tenant, we renewed our banks and we signed Dunkin' Donuts – and this is in an office building in Queens. We are very excited with where the retail market is going, and for a landlord like us where we are looking for quality tenants to improve the properties and improve adjacent properties, we've actually been very pleased with not just the rent numbers we are getting, but the tenants we are getting.

GlobeSt.com: What is the company's main strategy in 2012?

Muss: Besides the obvious strategy of making sure our properties are 100% leased and occupied, we are also looking to selectively acquire and develop properties in Queens, Brooklyn, Staten Island and Manhattan – anywhere in the five boroughs of New York City, but historically we focus on those four. We are looking to build our next building at Oceana, but also projects that make sense and fit into our portfolio.

GlobeSt.com: What neighborhoods are you eyeing for future development and why?

Muss: We love well-populated areas in the five boroughs that have good mass transit and we believe have room for growth. We are not looking at any one neighborhood; we just look for quality opportunities in the boroughs that we operate within. We look for properties with good fundamentals that are not too crazily expensive to purchase, whether it's a development site or an actual building, because we've been buying properties and developing over the last several years, so we are open to either possibility.

Categories: Northeast, Multifamily, Office, Residential, Retail, Development, Leasing, New York

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