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*REAL ESTATE*

# Food & beverage fortifying commercial NYC real estate market

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Food & beverage establishments gave commercial real estate leasing its biggest boost in 2020.

Fairfax Media via Getty Images

Shrugging off the pandemic's impact on sales, supply and hiring, food-and-beverage uses continue to lead all **retail-leasing** categories in the Big Apple – and the lead even grew larger over last year.

We had a look at some not-yet-released CBRE data which show the extraordinary resilience of edibles and drinkables in today's historically challenged retail-leasing market.

In 2020, F&B leases comprised 28.6 percent of all retail deals in terms of number of locations, compared with 17.6 percent for runner-up apparel. The F&B square footage of 242,713 square feet handily bested 179,076 for apparel uses.

Runner-up categories financial services, jewelry, cosmetics and health care lagged far behind.

The data for 2021 to date show even greater F&B strength. Square footage wasn't yet available, the numbers are expected to show commensurate F&B dominance over other categories.

Perhaps more impressive, the category doesn't even include grocery, convenience or wine shops.

In fact, although often overlooked, F&B has been at or near the top of retail categories since CBRE first started tracking them in 2010.

CBRE retail-leasing SVP Matt Chmielecki said the resiliency of F&B throughout the pandemic is all the more remarkable given that, "F&B deals can take months to negotiate." But tenants have a very forward-looking approach.

"No one's used the term 'new normal' for 6 months. Now, everybody sees light at end of the tunnel," Chmielecki said.

He said that most new deals "have some sort of ramp-up period" for a year or two that includes a low-base rent to start and percentage-rent arrangements that benefit both sides. "Landlords and tenants are now on the same page. By year three of a new lease, rents will look substantially like they were before," he said.

Coincidentally or not, five of nine nominees for the Real Estate Board of New York's "**Most Ingenious Deals of the Year Awards**" for retail are for F&B leases. Prominent among them is seafood restaurant Avra's commitment to more than 16,000 square feet at Rockefeller Group's 1271 Sixth Ave., where Avra was repped by a CBRE team.

The winners will be announced on Aug. 5.



CBRE executive Matt Chmielecki's firm repped Avra seafood restaurant's lease at 1271 Sixth Ave.

As if to illustrate CBRE's findings, two other recent restaurant deals show how perseverance and patience **overcame the challenges of the Covid-19 era**.

**Chef David Burke's** Mister French is moving from 218 Bowery to the larger, 4,400-square-foot former Almayass digs at 24 E. 21st St., while American bistro L'Adresse is expanding from its Bryant Park location with a second home at 1184 Broadway at 29th Street in Nomad.

Both tenants were represented by the Heller Organization's Joshua Singer. He said talks for the Mister French move began in summer of 2020 "when New York City was a shell of itself. The deal was able to finally move forward this past April," Singer said.

The asking rent for the 15-year lease was \$150 per square foot. Landlord Noam Management was repped by a Colliers team.

L'Adresse took even longer. "The lease was originally signed shortly before the pandemic in

the forced closures and come to an agreement beneficial to both parties.”

The asking rent for the 15-year lease was \$250 per square foot.

Rudin Management Company, which manages the interests of the dynastic-real estate Rudin family, oversees 35 properties in the city including 4.7 million square feet in 17 rental apartment buildings and 10.5 million square feet in 16 office buildings.



Samantha Rudin Earls won a promotion to EVP.

Rudin Management Company

The firm also recently developed the Dock72 office tower in the Brooklyn Navy Yard and the Greenwich Lane condo complex in Greenwich Village, as well as invested heavily in redeveloping Three Times Square and 80 Pine Street.

Now, to help handle the multi-faceted portfolio in a challenging market, the firm has promoted five executives. Samantha Rudin Earls, daughter of CEO Bill Rudin, was elevated

vice-presidents.

“It’s a special moment for our company and family when the next generation of leadership steps forward. Samantha and Michael have clearly established themselves in these roles,” said company president Eric Rudin.

Also promoted to EVP is Chief Investment Officer Neil Gupta. In addition, Cassie Kulzer and Nick Martin were promoted to senior vice-president.

ZMC Advisors is doubling down at Jack Resnick & Sons’ 110 E. 59th St. The private equity firm extended its lease for 13,284 square feet on the 24th floor, and added 13,284 square feet more on the 25th floor. The leases are co-terminus.

JLL’s Alexander Chudnoff and Dan Turkewitz repped ZMC. Resnick was repped in-house by Brett Greenberg. Chudnoff said the ZMC’s expansion onto a contiguous floor “successfully resolved their growth needs.”

The 612,181-square-foot tower is also home to Estee Lauder, Cantor Fitzgerald and Royalty Pharma.