

201 NEWS

MID-SPRING
2021

THE NEWSLETTER OF 201 WEST 16TH STREET

Welcome

8BC – Gregory and Lillian Pelton
Greg is employed by Warburg Pincus as an associate director in the executive management division. Lillian is a senior financial analyst at Google and so has a very enviable commute.

Roof Deck Access

Warm days of course makes everyone think of our wonderful roof deck, multiple board members included. The board is working on threading the needle related to local and state regulations regarding in-person gatherings. We also want to make sure that all our residents, especially those at high risk, remain safe. It is likely that we will have restrictions on guests using the roof deck when we reopen. Our first priority is to make this great asset available to residents. Throughout the closure, our plants have been well cared for by our contracted garden and irrigation teams. It will be just as handsome as you remember it, if not more so.

40 Years Has Been a Looong Time

Most readers of these pages know that when our building converted to a co-op in 1985, we inherited a very disadvantageous lease on our prime retail space. That lease that many of us thought would never end did in fact run its course on December 31, 2020 at midnight. The space then reverted to the cooperative, a moment we dreamed about and planned for over many years.

Several years prior to the lease expiration date, we hired a real estate consultant to identify the strengths and weaknesses of the space, its approximate value and probable and best uses. About a year and a half out from the lease expiration, we hired Andrew Lazarus, a principal at Tudor Realty Services, to begin marketing the space. As the retail environment deteriorated prior to COVID, we developed some very workable strategies to sub-divide the space in a major review led by board member Ed Lewis and his team of resourceful industry contacts. We revised our marketing materials and expanded our search to target new tenants that might need less space. The strategy, at first, seemed to be working. We immediately started getting interest. Unfortunately, COVID arrived at the same time. By mid-February 2020, interest disappeared. No calls and no calls returned. Through it all, especially more recently as things have started to “loosen up,” the team continued their aggressive marketing efforts.

Through that challenging time, one prospective retail concern continued to express some interest. Andrew and Ed stayed on top of them for 12 months, never knowing if they would ultimately sign a lease or walk away. One challenge has been the glut of retail space in our area, but we have the advantage of a fantastic retail space in a great building in a well-located, high-traffic location. The retailer recognized that they had a great opportunity to acquire prime retail space at good price. We are happy to report that what was a long and often frustrating process has delivered results – our new tenant has signed a lease!

Our new retail tenant, The Shade Store, has signed a 10-year lease with a five-year optional extension. They will take 1,100 sf – our corner store front – representing about 25% of the total retail space available. They are planning a very high-end build out that enhances the street presence for our corner and building. In a time of a retail depression, we can be very proud of this outcome and the amazing work of the dedicated and tireless team that moved this forward.

Preparing the space will involve some costs and additional planning. We need to divide the space and utilities, get occupancy certificates, update and divide air-conditioning and plan for many engineering, architecture, filing and permit fees. But we are in a strong financial position to handle all needs thanks to careful and thoughtful economic management over the past several years. While this process involves a good bit of work, dividing the space can also make us less vulnerable to taking a big financial hit every time a retail tenant shuts down or moves on.

By the third year of this lease, the income from this one tenant will equal what we previously received for the entire space under the terms of the prior lease, and we will still have 3,100 sf of retail space available to rent. We are continuing efforts to find additional tenants, recognizing that having the space fully occupied with tenants paying market rates will be a significant benefit to the finances of our cooperative. We will keep you updated on our progress, but this achievement alone is a great development!