

December 14, 2012

200 Fifth Success: All in the Planning

By Paul Bubny



L&L Holding reimagined 200 Fifth for tenants that wanted to make an impact on their office culture.

NEW YORK CITY-The headquarters expansion last month by Tiffany & Co. to another full floor at L&L Holding Co.'s 200 Fifth Ave. did more than elevate the jeweler into the property's largest tenant at 405,489 square feet. It also brought 200 Fifth to 100% occupancy of its 800,000 square feet of office space, and along with the subsequently announced Lego deal for 7,703 square feet of retail space at the property, set the seal on L&L Holding's success in repositioning the former International Toy Center.

To hear David Levinson, chairman and CEO of L&L Holding, tell it, the 24-karat asset that 200 Fifth became was a matter of planning and experience coupled with imagination. "What we do is take properties and reimagine them," he tells GlobeSt.com. "When we looked at 200 Fifth, we saw a very large building in a part of town that was accelerating a transformation of where people would want to office," namely Midtown South—which now has the lowest vacancy rate of any of Manhattan's three submarkets.

Furthermore, L&L's key executives already had years of redevelopment and leasing experience under their collective belts, and in fact had engineered a similar, albeit smaller-scale, transformation of a property not far from 200 Fifth. Specifically, 150 Fifth Ave., which went from 120 pocket-sized tenants to a single occupant of its 200,000-square-foot space, EMI Music.

"So when we look at a building, we can imagine what the tenants would potentially be, and we will proceed to design and engineer that building to suit those kinds of tenants," says Levinson. In the case of 200 Fifth, "we felt very strongly that a building of that magnitude, and with its bones, presented a great opportunity to

bring in large tenants that clearly wanted to have an impact on their culture. We felt very strongly that they would come from Midtown and would be very interested in sustainable buildings, and that they would be very interested in creating spaces that would provide for collaboration among employees. And 200 Fifth really worked for that.”

As it turned out, all three office tenants, including Grey Group and IMG Worldwide as well as Tiffany, made the move from Midtown—where they’d been headquartered since each company’s founding—to 200 Fifth. Levinson says 200 Fifth also became the first historic building in the city to receive LEED Gold certification.

When L&L Holding bought 200 Fifth for \$500 million in 2007, the firm projected rents for which “people said there were no comparables” to provide a frame of reference, says Levinson. That’s often the case in L&L reimaginings, he says, “because we tend to lead the market. There’s a little bit of ‘build it and they will come’ in that concept.” But it’s backed by experience: L&L Holding’s team has 40 million square feet of leases to its credit.

The property’s retail component, too, was carefully thought out with a view toward providing “energy and character to the building.” In the case of Eataly—one aspect of the property’s success that exceeded its owners’ expectations—the tenancy did more than that. “When Eataly showed up, it was very close to our vision, but they took it to a whole other level,” says Levinson. “It has been a phenomenon and has helped transform the neighborhood.” Lego’s arrival in 2014 will provide its own energy, he adds.

What is now known as the trendy neighborhood of NoMad—an acronym for north of Madison Square Park—was still emerging from a decades-long slumber when L&L Holding began redeveloping 200 Fifth. “That part of Midtown South represented a lower-cost venue to do business,” says Levinson. “200 Fifth has changed that. There are many more buildings in Midtown that are now less expensive” than 200 Fifth’s \$85 to \$90 per square foot. “Historically, this area never saw rents like that.”