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Megaprojects Series: New York City's Hudson Yards and Essex Crossing

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Our real estate clients are making headlines, as Manhattan's West 30s and the Lower East side undergo a facelift—not just a few nips and tucks, but a brand new look. Two megaprojects underway involve developing under-utilized space to expand and transform New York City.

HUDSON YARDS

Hudson Yards, a 17 Million square foot development, is the largest private real estate development project in our nation's history. It's also the largest one completed in the city since Rockefeller Center opened for business 77 years ago.

Similar in size to that undertaking, Hudson Yards consists of approximately 28 acres of residential, office, and retail space, complete with a luxury hotel, a seven-story shopping mall with restaurants and shops, and 14 acres devoted to parks and public spaces. Bordering the Hudson River, just north of Manhattan's trendy Chelsea, and close to the Highline, the 16-building project is transforming a vast, underused area into a new community that will help meet the city's burgeoning demand for housing. Hudson Yards will provide more than 4,000 new residences—a mix of affordable to high-end apartments. A public school for 750 students is part of the plan, and when Hudson Yards is completed in 2024, nearly 125,000 people will live in, work in, or visit each day.



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And that's not all. The project, a joint venture between Related Companies and Oxford Properties Group, with a \$1.2 Billion financing package from Deutsche Bank and Goldman Sachs, is slated to create nearly 23,000 construction jobs. Upon completion, Hudson Yards will extend from Eleventh to Twelfth Avenues and from West 30th to West 34th Street. It already has merited an extension of the MTA's Number 7 subway line to its front door, and access to the Lincoln Tunnel and Hudson River ferries are steps away. Chelsea's art galleries, excellent restaurants, and popular nightlife are all within strolling distance, and Hudson River Park is a five-minute walk to an exercise hub for runners, walkers, and cyclists (and boasts 1,500 bike racks). Hudson Yards also will house [The Shed](#), a six-story cultural center with a 1,250-seat theater opening in 2019, which will attract and host visual, design, media, and performance art forms. The Shed's telescoping outer shell will add a temperature-controlled hall to accommodate large-scale, open-air programming.

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The booming neighborhood is expanding at more than five times the rate of the rest of Manhattan. With Google and other high-tech firm employers located nearby, Related Companies has already leased 5 million square feet of space, with an additional 2 million square

feet in the pipeline. Nearly half of the city's existing office space is more than 60 years old, so Hudson Yards is a draw for companies who find that these older properties no longer serve their needs. In a recent interview, Jeff Blau of the Related Companies said, “The way people work today is different than how they worked 50 years ago. We are building the office spaces of the future: modern technology, efficient layouts and heating and cooling systems.” (Blau's enthusiasm is not universally shared: Sam Zell, Chairman of Equity Group Investments, takes exception to the rosy demand projections for office space, stating in a [Bloomberg Television interview on August 16](#), “I don't see 10 or 12 million feet of additional demand”).

Nonetheless, the site's first tower, 10 Hudson Yards, opened in May 2016, and is fully leased to companies including Coach, L'Oreal USA, Boston Consulting Group, and software manufacturer SAP. When its neighboring tower, 30 Hudson Yards, is finished, it will house an impressive roster of firms, among which are: Time Warner Inc., KKR & Co., and Wells Fargo & Co. An added bonus: Freed-up space in older buildings becomes available for startups and other companies whose desire to move to NYC may have been impeded previously by lofty rents and unavailable space.

The High Line, Manhattan's landscape architecture miracle, which completed its third and final phase in September 2014, now extends west on 30th Street toward the Hudson River. It already has infused the area with \$2 Billion of private investment, brought 12,000 new jobs, and spawned 29 new development projects since it opened in 2009.

And more infrastructure is on the way: The projected Moynihan Station (being renovated now), combined with the Farley Post Office, will expand Penn Station two blocks west to Ninth Avenue, permitting passengers (and Hudson Yards tenants) easier access to Amtrak, New Jersey Transit, and Long Island Railroad trains. To the north, from 34th to 40th Street, The Javits Center just underwent a major, state-of-the-art renovation, and now sports an eco-friendly roof, skylights, and larger entrances to entice conventions and exhibitors.

And the 200-room luxury hotel at Hudson Yards will be a boon to an area with few modern lodging options.

ESSEX CROSSING

Downtown, on Manhattan's Lower East Side, Essex Crossing, also known as the Seward Park Extension Urban Renewal Area, is a nine-building mixed-income residential development on a six-acre site abutting Delancey Street (the approach to the Williamsburg Bridge), the largest piece of undeveloped land below 96th Street.

The project has a rich history dating back to the early 1970s, when the land was purchased by the city's housing authority for urban renewal. Owing to New York City's financial distress at that time ([coupled with rumors of political shenanigans](#)), the project never got started, and sat vacant (except for parking lots) for nearly fifty years. In 2013, the Bloomberg Administration completed a deal to develop the property by offering generous tax abatements in return for getting parks and cultural space. The development is being partially financed by Goldman Sachs, who not only gets tax credits with the deal, but it also helps satisfy the bank's Community Reinvestment Act (CRA) requirements.

The 1000-unit project, being developed by Delancey Street Associates (a venture that includes Taconic Investment Partners, BFC Partners, and L&M Development), is designed to meet tenants' needs for both rental and owned apartments. Residents will have access to shops, restaurants, a movie theater, a bowling alley, gardens, a cultural center, and open park spaces-- a true community emerging from forgotten space. The Essex Street Market is being updated and enlarged, and The Market Line offers residents a three-block long shopping mecca.

Half of the apartments will be affordable for low- and middle-income tenants, including seniors. The senior housing building plans call for a coffee shop, a tiered roof garden, and a medical facility run by NYU. Residents will derive other community services from [Grand Street Settlement](#), a 100-year old community outreach non-profit organization dedicated to

empowering, supporting, and advocating on behalf of families and communities.

A major milestone was reached in August when the first building in the project was topped out. Plans call for most of the construction to be completed by 2021, and the balance by 2024.

WeiserMazars is honored to serve our clients who are transforming the city's landscape.

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