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Park Avenue just might have monopoly on spiffy new office space

By **Steve Cuozzo**
Impressions: **476,661**



The glass cube at 432 Park Ave. is one of the more exciting projects on the avenue.

Nobody knows when the city will truly be “post-pandemic,” but when it finally beats [the virus woes](#) for good, Park Avenue — that is, the blue-chip commercial zone between East 42d and East 59th streets — will be ready for it.

The corridor is in the midst of a \$32 billion, public and private investment spree, according to Weitzman Associates, an investment and development advisory firm — likely the most of any 17-block stretch in town.

More than \$13 billion in public infrastructure work has been completed or soon will be, of which the lion’s share is \$11.2 billion for the MTA’s East Side Access — the underground, eight-track terminal that will [bring the Long Island Rail Road into Grand Central Terminal](#) for the first time.

Nearly \$19 billion is committed to ongoing or planned commercial development, including the rising JP Morgan Chase tower at 270 Park Ave. (\$4.04 billion), recently completed [One Vanderbilt at 42nd Street](#) (\$3.32 billion), and the biggest of all — the proposed Project Commodore at 175 Park Ave., a 2.5 million-square-foot office and hotel skyscraper on a site that includes the now-closed Grand Hyatt Hotel.

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“There have been more fashionable destinations over the years, such as Flatiron. But at the end of the day, Park Avenue is the central spine of East Midtown,” said Weitzman principal and managing director Peter Bazeli. The firm has worked with several avenue office landlords over the years and is currently advising owner Dajia Insurance Group on its Waldorf-Astoria redevelopment project, to be completed in 2023.

The landmarked Waldorf, “occupying a whole city block, will be “the focal point of Park Avenue glamor” when it reopens, Bazeli added.

Park Avenue office tenants enjoy easy access to Grand Central’s Metro-North lines to the affluent northern suburbs and multiple subway lines, and soon to the LIRR as well.

“With continued economic growth will come more demand for transit-oriented workspace, Bazeli said. He noted that One Vanderbilt, for example, was “predicated on easy transit access,” which developer SL Green enhanced with \$220 million in new public entrances, corridors and lobbies.

“If any segment of the Manhattan market is going to be resilient, this is the location,” Bazeli said.



A view of Park Avenue shows 425 Park while it was under construction.

Park Avenue seemed to be losing some luster to Sixth Avenue and downtown a few years ago, especially when Wells Fargo left 250,000 square feet at RFR’s 375 Park Ave. (the Seagram Building) for Hudson Yards. But Raymond James’ lease for 160,000 square feet at Mutual of America’s 320 Park Ave. last summer lifted spirits.

The avenue’s renaissance is spurred in part by East Midtown’s rezoning, which allows much larger buildings than previously permitted in exchange for developers’ commitment to pay for public streetscape and transit upgrades.

A stroll on the avenue today — still relatively quiet as office towers await the return of most employees — reveals only part of what’s happening. Obvious changes include the JPMorgan

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Chase tower's rising steel and just-completed, Foster + Partners-designed [425 Park Ave.](#) Developed by L&L Holding Co., it will be [home to Ken Griffin's powerhouse financial firm Citadel.](#)

Major [auction house Phillips](#) boasts a new, much more visible home in the [white-glass cube of 432 Park Avenue.](#) Phillips CEO Edward Doman said, "Thanks to studioMDA's brilliant design, our building marries the interior, exterior and the piazza, creating a sense of community in a bustling metropolis and engaging the millions of international passersby from the street level."

Less obvious but equally important are significant upgrades in progress behind temporary plywood at avenue-straddling 230 Park Ave. (the one-time Helmsley Building), [Fisher Brothers' 299 Park](#) and the Stahl Organization's 277 Park.

Meanwhile, Rudin Management and Vornado are weighing a possible combined redevelopment of Vornado's 350 Park Ave. and Rudin's 40 E. 52nd St. behind it.

RXR Realty owns 4 million square feet at 230 Park Ave. and 237 Park Ave. and at three nearby addresses — 450 Lexington Ave., 347 Madison Ave. and 530 Fifth Ave. It's also slated to be the lead developer of 175 Park Ave.

RXR chairman and CEO Scott Rechler said the 175 Park project is awaiting city approval under the Uniform Land Use Review Procedure, which he said could be completed by year's end. The mega-tower would have 2 million square feet of offices. Could there really be a market for it, given today's highly uncertain conditions?

"We're having conversations today with anchor tenants," Rechler said. "When you think about large companies growing in the city, when you want to be right on top of public transit, where do you find it on a scale like this?"

He said that the post-COVID market will see "a flight to quality" among space-seekers.



Auction house Phillips' new location at 432 Park Ave. was designed to offer a "sense of community in a bustling metropolis."

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“People returning to the workplace need a reason to return to the workplace — an energized neighborhood clustered around nodes of activity and transit,” Rechler said. “Look at One Vanderbilt. It continued to lease up throughout the pandemic and is now 90 percent occupied. Each thing helps the overall market.”

Now all Park Avenue needs is for employees to return to their desks. Come back soon!

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