

REPORT

INSIDE NEW DEALS

Banker on Park, pizza in Hell's Kitchen **PAGE 16**

“This building is alluring, but it’s a white elephant.”

—Jorge Bosch, architect, *Page 14*

Forget toxins. It's go-go Gowanus

B'klyn area's a hit, despite waterway's Superfund status

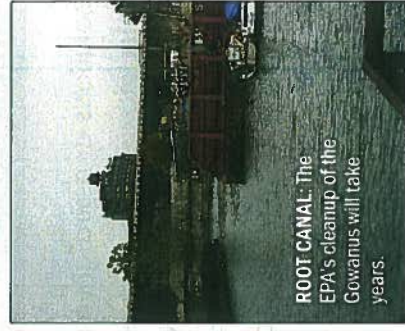
BY KERRY MURTHA

History was made early this year in Gowanus, Brooklyn, when a new home in the neighborhood sold for a record \$3 million. Even more remarkably, the five-story house—on Bond Street, and complete with a three-car garage and heated pool—is just a block from the Gowanus Canal, the odorous 1.8-mile waterway that the Environmental Protection Agency has called one of the most toxic bodies of water in the nation.

The EPA's declaration last year of the Gowanus as a Superfund site paved the way for a massive cleanup by the federal government. Though that will take at least a decade, residents, developers and retailers are flocking to Gowanus, transforming it into one of Brooklyn's up-and-coming neighborhoods.

Whole Foods plans to open a 56,000-square-foot store on Third Street and Third Avenue in late 2012 that will feature a 20,000-square-foot greenhouse sprouting organic vegetables. Meanwhile, a number of restaurants and cafes, including The Crooked Tail and Crop to Cup, have opened this year, as have at least half a dozen art galleries and a concert hall.

Among the new spots is **See GOWANUS on Page 16**



ROOT CANAL. The EPA's cleanup of the Gowanus will take years.



TELLERS OUT, PHARMACISTS IN: Duane Reade makes itself at home in a former financial palace.

BUCK ENNIS

Retailers, restaurants vault into old banks

Wow factor draws business, helps overcome space's higher costs

BY TINA TRASTER

In June, Duane Reade opened a 24-hour store at 40 Wall St. that offers standard drugstore items like cold remedies and hair conditioner, as well as more exotic items such as fresh fruit and sushi.

But the merchandise isn't the only thing that sets the store apart. The ubiquitous chain's 254th location in the city has a remarkable interior. The 22,000-square-foot space is graced by 28-foot ceilings, black marble columns, ornate archways and stately windows. In fact, this Duane Reade location, which had been vacant for 15 years, looks more like a classic bank than a drugstore, and with good reason: It was designed by architect H. Craig

Severance in 1928 for the Bank of Manhattan Trust.

“Adapting and preserving an old building definitely drives up the costs,” said John Yodice, Duane Reade's senior director of construction, who estimates the project's price tag was about a third higher than it otherwise would have been. “But you draw more people to a store like this because it is so aesthetically pleasing.”

Additionally, despite the fact that the spaces can be difficult to reconfigure, light, and heat and cool, rents for them are comparable to those for plain-vanilla properties.

“The old banking spaces certainly present obstacles, be it restrictions on signage or cavernous structures or landmark issues, but they can command **See OLD BANKS on Page 14**

Old banks are reborn

Continued from Page 13

competitive rents because they have a major presence," said Faith Hope Consolo, chairman of retail leasing and sales at Prudential Douglas Elliman. "They're in great locations, and there is a market for nontraditional retail space."

There are 32 bank buildings and 13 bank interiors with landmark designation in New York City.

A growing number of businesses, including grocers, restaurants and event planners, are moving into the city's elegant old bank buildings. Many are making the same calculation the original owners did—that the wow factor of these palazzo-like edifices will help justify the sizable expenditures they involve by turning heads and boosting sales.

In recent years, Trader Joe's has opened in a former Independence Savings Bank on Atlantic Avenue and Court Street in Brooklyn's Cobble Hill. Developer Seth Greenberg spent \$5 million to turn a Bowery Savings Bank at 130 Bowery into a glittering special events spot, Capitale.

Cipriani did much the same thing with a block-deep Bowery Savings Bank branch across 42nd Street from

Grand Central. And for just over a year, the City Council has been endorsed in the 1850-vintage Emigrant Savings Bank on Chambers Street.

These buildings have an extraordinary appeal for many tenants and visitors.

At Bobby Van's Grill on Broad Street, across from the New York Stock Exchange, the Vault dining room downstairs is mentioned in virtually every one of the restaurant's reviews.

Installed by Remington & Sherman Co. in 1902, the vault was the safe of J.P. Morgan & Co., and its walls are lined with the original deposit boxes. The massive door—six feet in diameter and a yard thick—stands wide open, consuming valuable real estate but providing a major attraction.

"Tourists come here just to photograph themselves at the restaurant," said Joseph Smith, president of Bobby Van's.

Big B'klyn landmark set for artsy future

Developer Juan Figueroa has done

something few others would dare. Late last year, he bought this landmarked former bank for \$4.5 million. Though the neoclassical-style former home of the Williamsburgh Savings Bank is stunning and centrally located, it's also vast—the domed roof is 100 feet high—and ill-suited to modern use.



Originally Williamsburgh Savings Bank

Address 175 Broadway, Williamsburgh, Brooklyn

Built/size 1875/28,500 square feet

Architect/other work George B. Post/New York Stock Exchange

Former tenant HSBC

Current tenant Under renovation

Planned opening January 2012

"Everyone wanted the property, but then they would go back and do the numbers and they just didn't know what to do with it," said Brendan Maddigan of Massey Knakal Realty Services, who represented the seller, HSBC Bank. "It was hard to lease."

Mr. Figueroa, who built and operates the New York Loft Hostel in East Williamsburg, plans to turn Williamsburgh Savings Bank into an event space and museum for Brooklyn artists.

While the owner acknowledges that the price was steep, he is convinced that the deal will pay off. The purchase included an adjacent 6,400-square-foot parking lot just a stone's throw from the Williamsburgh Bridge and Peter Luger Steakhouse.

"Because we can develop this vacant piece of land, we are free to spend the money on the costly [\$3 million] renovation," said Mr. Figueroa. "Without it, this would be a nerve-racking economic gamble."

The renovation will include restoring a 30-foot-high fresco inside the dome, reinforcing the ground floor to withstand greater capacity, installing a ventilation system and new lighting, and adapting the acoustics.

Among other things, Mr. Figueroa's design and architectural experts must devise a way to display

art without affixing it to the walls, a landmark prohibition.

"We have hired an army of experts for lighting, acoustics and mechanical design," said Jorge Bosch, Mr. Figueroa's architect. "This building is alluring, but it's a white elephant."

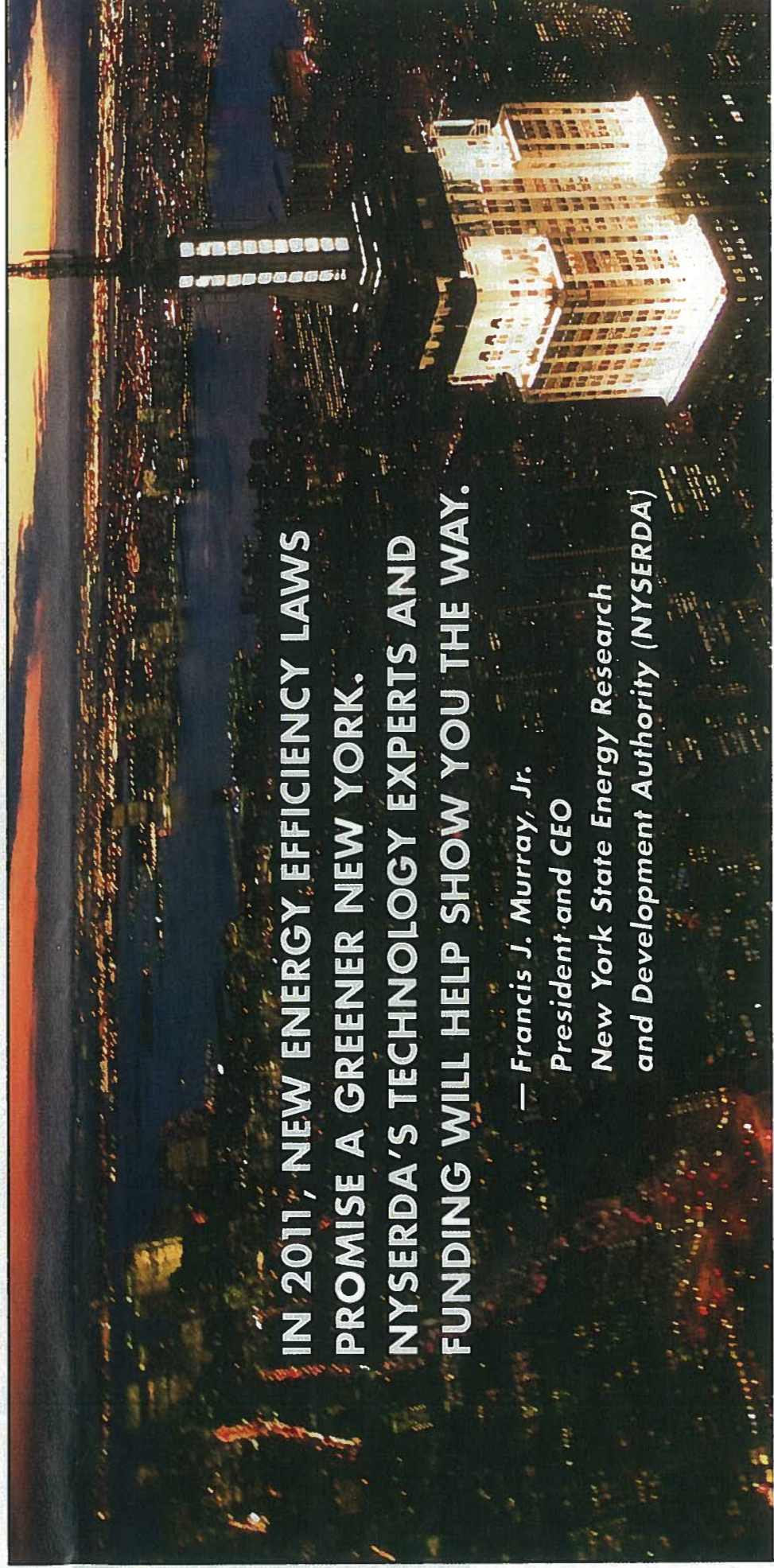
Fifth Ave. glass box to sprout shops

On the face of it, converting a modernist box with acres of light into a stunning store or restaurant would seem like a snap. But Vornado Realty Trust's plans to reconfigure the landmarked former Manufacturers Hanover Trust bank branch in midtown touched off an explosion last year.

The Coalition to Save MHT, an ad hoc preservationist group, proposed suggested changes, particularly ones to create two entrances on Fifth Avenue and to relocate twin escalators currently in the lobby.

"The Landmarks Preservation Commission's [April 2011] decision is a defeat for this masterpiece," said coalition founder Theodore Grunewald. "Developers should not buy trophy buildings unless they have an affinity to work with their innate assets."

Roger Duffy, partner at Skidmore



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