

First Avenue is hopping once again as developers revisit its hot spots

Neighborhood rebounds with retailers, rentals and restaurants

BY CARA S. TRAGER

Abraham Merchant was warned against opening a restaurant on First Avenue and 62nd Street.

Well-intentioned friends told him that the area, which in the late Seventies was packed with hot clubs and the hipsters who partied at them, had lost its charm. Why bother with a has-been, they asked.

But Mr. Merchant, a seasoned restaurateur, didn't listen. He saw the opportunity to get in on the ground floor of a revival, and in December, he opened an 8,000-square-foot Merchants NY restaurant and wine bar.

"I think it will take just another year before it really becomes popular again," says the 32-year-old Pakistani businessman, whose culinary empire also includes Chicago Blues,

Art Bar and two other Merchants NY sites. "We've helped bring the neighborhood back up."

The party moves uptown

Ten years after city nightlife drifted from the Upper East Side to SoHo and TriBeCa, it shows signs of returning to its roots.

Several new eateries have opened on First Avenue in the Sixties, and developers are entering the market with residential and retail projects. All the action has started to push up property values.

"You've had a revitalization of the stretch," says David T. King, associate director at Newmark & Co. Real Estate Inc.

In many ways, history is repeating itself. The new restaurants and clubs are popping up on the sites of the defunct singles bars that gave the area its swinging reputation.

Merchants has taken the location of the former Pancho Villa. Boxers, described in the Zagat guide as a pub for yuppies and Gen-Xers, has branched out from its Green-wich Village base to open a second

site in the former Friday's spot. Decade, a dance club mentioned in gossip columns, moved into the onetime roost of Adam's Apple.

On the site of Maxwell's Plum, perhaps the most renowned singles bar ever, Harry Macklowe is putting the finishing touches on a residential and retail development.

The onetime home of Chippendale's on 61st Street and First Avenue has been purchased by Milstein Properties Corp. for conversion to a high-rise rental, according to Faith Hope Consolo, senior managing director of Garrick-Aug Associates Store Leasing Inc.

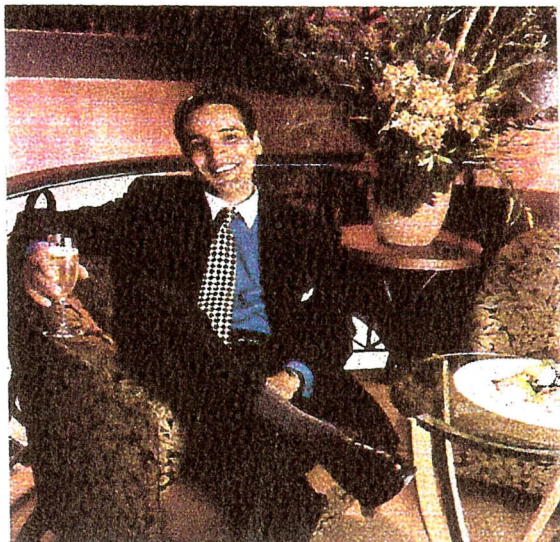
Spokeswomen for Milstein and Macklowe declined to comment.

A bridge to shopping

"First Avenue has become a destination for people beyond the neighborhood," Ms. Consolo says.

Retail traffic is expected to pick up with the arrival of the 98,000-square-foot Bridgemarket, a long-planned complex under the Queensboro Bridge scheduled to open in

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TASTING THE WATERS: Abraham Merchant chose First Avenue for the location of his third Merchants NY restaurant and wine bar.

CATHERINE GIBBONS

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First Ave. hops with shops

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1998. An \$18 million project of Los Angeles developer Sheldon Gordon, the complex will feature an upscale health-food grocery, a restaurant owned by Sir Terence Conran, and an updated version of his home furnishings store. Conran's first chain in the U.S., which had several New York locations, failed.

"I think it's going to bring a lot of foot traffic and strength to retailing, and it will have an impact on moving the rest of First Avenue," says Alan Victor, executive vice president of the real estate brokerage The Lansco Corp.

Whether the newfound activity can help the stretch reclaim its spot as the city's *numero uno* hangout remains to be seen.

Ben Fox, executive vice president of New Spectrum Realty Services Inc., believes those days are gone for good. "Now the East Side is families," he says. He predicts First Avenue will emerge as a clone of Third Avenue, where national retailers have made its thoroughfares an outdoor version of the suburban mall.

Shop owners unwilling to pay the escalating rents on Third and Lexington avenues have begun to scope out First Avenue.

A 2,000-square-foot storefront on First Avenue in the 60s rents for between \$55 and \$70 per square foot, vs. between \$90 and \$130 per square foot on Third Avenue between 59th and 86th streets, according to Mr. Fox.

But the price differential could quickly narrow, thanks to the city's lustrous property market. Prices along the up-and-coming strip have risen 20% in the last year.

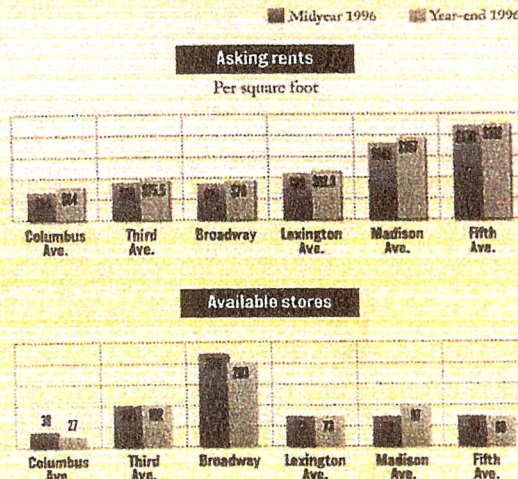
While Mr. Merchant is betting

on an economic rally, he isn't keen to see the avenue resume its trendy status. He fears that such a comeback will result in skyrocketing rents and in heightened competition among restaurants, the same spiral that chased business from the area the first time around.

"The higher up anything goes," he says, "it has to come down." ■

Retail Space in Manhattan

Store owners are fanning out, expanding the boundaries of shopping districts. Their interest is driving up retail rents.



SOURCE: GARRICK-AUG WORLDWIDE

TONY PER NICHAMARA