

THE REAL DEAL

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After \$100M budget cut, World-Wide breaks ground on Midtown site for Whole Foods



From left: The 56th Street facade of the schools, the entrance to the High School of Art and Design, the P.S. 59 entry plaza
(credit: Hiromi Oikawa, Marena Studios)

The World-Wide Group and the city cut the ribbon earlier this morning on a \$500 million, 900,000-square-foot mixed-use development in Midtown after a major budget cut, and a reduction in size of a Whole Foods Market slated for the site.

World-Wide and the New York City Educational Construction Fund slashed the budget by \$100 million, shrunk the size of the space slated for Whole Foods at 250 East 57th Street by about 10,000 square feet to 38,000 square feet and cut the amount of excavation required by 30 feet through the redesign of the entire retail space and the space for two schools.

The project was kicked off in 2008, but was reconceived when the economy turned sour.

"We took the time of the collapse to regroup and design a more efficient and less expensive project," said Julia Hodgson, director of development for World-Wide. As a result, she said, "We reduced the cost of construction of phase one by \$80 million."

Jacqueline Klinger, vice president of Northwest Atlantic Real Estate Services, which represented Whole Foods in the deal, described the process over the last year.

"We reworked the deal for a smaller [Whole Foods] building that the developer was able to construct," she said.

World Wide was selected by the city agency, ECF, in a bidding process to develop the 1.5-acre, city-owned property.

"The partnership between ECF and the World-Wide Group, ECF's largest ever, is a model for how the public and private sectors can work together to help our communities," New York City Schools Chancellor Joel Klein said in a statement.

Before securing other retail tenants in the building, Ariel Schuster, executive vice president at Robert K. Futterman & Associates, which is handling leasing for the retail portion of the development, said: "Our first objective was securing a major supermarket that will be an amenity for the building and the surrounding neighborhood."

The development will roll out in two phases.

Phase one will include the construction of 38,000 feet of retail space for Whole Foods, which is scheduled to open in Dec. 2012. It also includes the new PS 59, which will be expanded to accommodate 730 students, versus the 400 the old school could hold, as well as the new 1,400-student public High School of Art and Design.

The two new schools will occupy approximately 360,000 square feet, and each will be significantly larger than their prior homes, World-Wide executives said.

The two schools, slated to open in Sept. 2012, will feature expansive open spaces for recreational activities.

PS 59 will boast a 7,000-square-foot outdoor play area on the sixth floor. Art and Design will include a 4,700-square-foot play area on the 11h floor.

Phase two of the project, slated to start in the fall of 2012, will usher in the construction of an additional 78,000 square feet of retail space and 350 units of luxury housing that will encompass about 450,000 square feet.

According to World-Wide, no decision has been made as to if the residential units will be condominiums or rentals.

The old PS 59 at 250 East 57th Street was demolished in the fall of 2009. Students have been housed in an interim home at 250 East 63rd Street.

Meanwhile, Art and Design will remain in its existing building at 1075 Second Avenue for the duration of construction.