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## POST FOCUS ON COMMERCIAL REAL ESTATE

# Hallelujah on 14th St.

### Finally! Old P.C. Richard space to be 'rewired'



**W**ITH a few strokes of a pen, a joint-venture development team and the city's Economic Development Corp. brought a half-century-running land-use saga to a productive end. RAL Development Services and Junius Real Estate Partners last week inked the bottom lines to develop 124 E. 14th St., a site owned by the city since 1968 that was most recently a two-story P.C. Richard store.

The soon-to-come, 21-story tower between Third and Fourth avenues (rendering at right) is dubbed NYC Tech Hub. It will include a tech-focused training center and incubator run by nonprofit organization Civic Hall; digitally attuned office space; and a multi-vendor market run by growing food hall outfit Urbanspace.

RAL was tapped by the city to develop the site following a request-for-proposal last year. Although not previously reported, it recently teamed up with Junius, a real estate investment unit of JPMorgan Private Bank, a division of JPMorgan Asset Management.

The team on Friday closed on a 99-year ground lease with the EDC and also made an up-front payment of \$5 million.

The joint venture will enjoy three years of free rent during construc-

tion and lease-up, followed by base rent of \$2.3 million annually for the first five years. The rent jumps by 2 percent every year after that through the 30th year, with "fair market" resets later.

The developers closed on the ground lease after nailing down a \$120 million construction loan from Bank OZK. The total development cost is \$200 million. Work is to start immediately.

RAL Financial Director **Josh Wein** not surprisingly termed the project as "incredibly exciting."

The long-awaited deal comes at a transitional time for 14th Street, which little resembles the way it looked a few decades ago. Open-air shops that sold goods on the sidewalk gave way to chains and "fast-casual" food shops, and taller buildings replaced low-rise tenements.

The 124 E. 14th St. site's history is long and winding. The city government seized it as part of a 1968 condemnation when John Lindsay was mayor — but we couldn't pin down the reason.

Various city actions in 1983 and 1992 divided the land into several different lots, which were developed into apartment buildings and NYU dorms, one of which replaced the old Palladium disco.

But 124 E. 14th St. remained low-rise. There was some community and preservationist resistance to the Tech Hub plan — which required rezoning — over fears that it would accelerate the transition of the Union Square area into a "Silicon Valley" full of tall buildings. But the City Council signed off on it last summer.

Civic Hall will operate an 80,000-



square-foot community facility. It will feature a 40,000-square-foot digital-skills training center, a conference center and collaborative workspace for tech innovators. **Mayor de Blasio** praised it as a key component of New York Works, an initiative to spur creation of 100,000 jobs in the next decade.

The office floors above will be open to anyone but, "we're branding the whole building as a tech hub, and the focus will be on tech," Wein said.

"We'd love to see tech companies move in upstairs and hire people who graduated from the digital training facility downstairs," he added. A JLL team headed by Vice Chairman **Mitchell Konser** will handle leasing.

Wein said the building should be finished by the end of 2020. RAL has developed One Brooklyn Bridge Park, Franklin Tower in Tribeca and Loft 25 in Chelsea, among other major projects.

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