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Seaport Developer Looks to Make a Splash

Howard Hughes Corp. embraces a mix food, entertainment and culture for South Street Seaport



The South Street Seaport neighborhood is adding younger residents. *PHOTO: STEVE REMICH FOR THE WALL STREET JOURNAL*

By KEIKO MORRIS

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The developer behind the retail-revitalization project in the South Street Seaport neighborhood is ripping a page from show business.

The Howard Hughes Corp. has embraced what it hopes is a buzzy blend of food, entertainment and culture with its 400,000-square-foot Seaport District along the East River in lower Manhattan.

Last month, an eight-screen iPic theater opened, offering a full dining menu and bar and bathrooms bedecked with murals. Eventually the district will include a snazzy food market by chef and restaurateur Jean-Georges Vongerichten and 10 Corso Como, a sprawling retailer that offers an eclectic mix of fashion, food, housewares and art.

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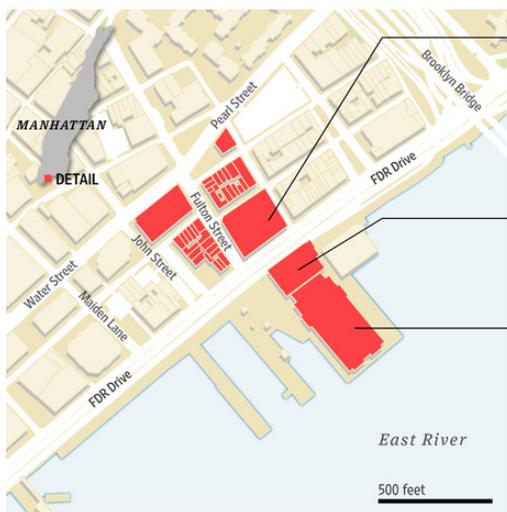
“With more and more people moving online, people aren’t coming to brick-and-mortar space for transactional reasons as they had in the ’80s,” said David R. Weinreb, chief executive officer of the

Howard Hughes Corp. “Instead they are coming for great social interactions or experience.”

The Seaport District, with a development cost estimated at more than \$500 million, is taking shape amid challenging times for retail, especially the traditional big national chains. It gets off the ground following openings of two nearby retail giants, the 365,000-square-foot Westfield World Trade Center and the luxury shops and restaurants of Brookfield Place. Often viewed as complementary to the other two projects, it will have to somehow stand apart in an environment constantly shifting under the pressures of online shopping, retail analysts and experts said.

New Course

The Howard Hughes Corp. is hoping a mix of food and entertainment will bring crowds to its Seaport District. A look at the project:



Source: Howard Hughes Corp.

The Fulton Market Building has been restored and now houses an iPic movie theater. Italian retailer 10 Corso Como will also open a store in the building.

The Tin Building, which was gutted in a fire in the 1990s, is going to be taken down piece by piece and reconstructed to comply with requirements after superstorm Sandy.

The Pier 17 Building will house restaurants by Jean-Georges Vongerichten and David Chang’s Momofuku Group. This four-story building plus roof deck will have a restaurant on the roof as well with public space and other food and beverage space.

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Although brick-and-mortar stores aren’t expected to go away, the days of making a retail development click by landing two or three big anchors are gone.

Instead, developers are focused on creating multistore retailing communities that are constantly reinventing themselves, said Mike Moriarty, a partner in the retail practice of A.T. Kearney, a global strategy and management consulting firm.

The constant reinvention can be difficult, he said.

“As a developer, you do want stability, but you should plan on 20% churn of retail tenants to ensure innovation and newness in the retail space,” Mr. Moriarty said.

The Howard Hughes Corp. became involved with the property in 2010, when the company was spun out of General Growth Properties Inc. The Howard Hughes Corp. holds a long-term city lease, controlling Pier 17 and portions of the South Street Seaport Historic District. The company tabled separate plans to build a residential tower on the waterfront.



The new Pier 17 building will have a 1.5-acre rooftop with a restaurant, bars, and a venue for concerts and special events. *PHOTO: STEVE REMICH FOR THE WALL STREET JOURNAL*

So far, the company has restored the Fulton Market Building, home to the iPic theater, rebuilt Pier 17 and is in the process of building a four-story structure where David Chang’s Momofuku Group will open a restaurant.

The project also involves relocating, raising and restoring the 1907 Tin Building, which was once part of the Fulton Fish Market. The company received permission to move the building back from the FDR Drive so it can be raised above the flood plain. The neighborhood was heavily damaged in superstorm Sandy.

That is where Mr. Vongerichten plans to pay homage to the classic New York scene he used to visit 30 years ago with a 40,000-square-foot food market.

“The Fulton Fish Market was pretty wild,” Mr. Vongerichten said. “All the fish mongers walking around with hooks on their shoulders, burning the fish boxes in a barrel. You’d come back from the market smelling like smoked fish.”

The Tin Building also will house restaurants such as a sushi bar and an oyster bar as well as shops selling equipment and cookbooks, and demonstration kitchens.

Other types of retail will be spread across the first and second floors of other buildings.

The project’s timing is “spot on” as lower Manhattan adds young residents, said Jessica Lappin, the president of Alliance for Downtown New York.

“We currently have over 30,000 residents between the ages of 18 to 44 years old south of Chambers Street,” she said, adding that residents told the alliance they wanted “more chef-inspired restaurants, retail with character and venues for entertainment.”

Write to Keiko Morris at Keiko.Morris@wsj.com

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