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MARKETPLACE

BY MONICA PAQUETTE

After successful negotiations on a complex deal, advertising company mcgarrybowen (pc), also known as Dentsu McGarry Bowen LLC, has expanded its office space at 601 W. 26th St., or the Starrett-Lehigh building, a property of RXR Realty. In addition to its existing 110,000 square feet, the ad company has taken 47,144 square feet.

Mcgarrybowen's offices currently occupy the third, 10th and 11th floors of the 19-story, 2.3 million-square-foot property. The additional square footage is on the fifth floor and became available as a result of The Harry Fox Agency's termination of a sublease with Tommy Hilfiger USA, whose parent company is PVH Corp.

Harry Fox has subleased space from Tommy Hilfiger since 2007. With eight years remaining on the current sublease, a source said that in order to accommodate mcgarrybowen's need for more space, RXR offered Harry Fox a payment incentive to relocate during the second quarter.

In addition, Hilfiger took back about 21,800 square feet that it subleased to Lord & Taylor that was added to its master contract with RXR, totaling about 320,000 square feet. Neither Hilfiger nor Lord & Taylor responded to requests for comment.

"This was the most complex transaction of my career in commercial real estate, a real puzzle," Greg Taubin, senior managing director at Studley

Mitchell B. Stern, a partner at **Olshan Grundman Frome Rosenzweig & Wolosky**, represented Tommy Hilfiger and its parent company, PVH Corp., on the sublease termination.

Dena Cohen, counsel at **Herrick, Feinstein**, represented Harry Fox on its new lease at 40 Wall St., the Trump Building.

George H. Ross, an executive vice president and senior counsel at the Trump Organization, internally represented the landlord on the lease with The Harry Fox Agency.

"When we purchased the Starrett-Lehigh Building, we knew there would be opportunities to expand our existing tenant base but we also knew the property had high occupancy levels," said William Elder, executive vice president and

Even though Harry Fox has about 10,000 square feet less than its current space, there are no plans to reduce headcount, Mr. Taubin said.

By relocating to 40 Wall St., "we realized we could get the best of both worlds: significant cost savings plus brand new, state-of-the-art office space that fits our needs even better than before," Gary L. Churgin, president and chief executive officer at Harry Fox, said in a statement.

The Trump Organization did not respond to a request for a comment. The asking rate for Harry Fox's lease was reportedly about \$34 per square foot.

Harry Fox manages rights, licensing and royalties for the music industry. The National Music Publishers Associate established the agency



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601 W. 26th St.

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Inc., who acted on behalf of Harry Fox, said in a statement. "All the pieces needed to be firmly in place or the entire deal would have fallen apart."

Richard J. Brown, a partner at **Herrick, Feinstein**, along with counsel **Joann Berardo Birl**, represented the owner, RXR Realty.

James W. Pharo, solo practitioner at the Law Offices of James W. Pharo, represented mcgarrybowen.

Michael Simon, a senior vice president and general counsel at The Harry Fox Agency, internally represented the agency on the lease termination at 601 W. 26th St.

space in the Starrett-Lehigh building and the economic conditions in Lower Manhattan, we had an opportunity for significant cost savings."

Harry Fox's new offices at 40 Wall St., between William and Pearl streets, comprise the entire sixth floor, nearly 37,000 square feet, under a 14-year lease.

managing director of RXR's New York City Division (NYLJ, Aug. 24, 2011).

The asking range at the Starrett-Lehigh building for a direct lease is in the mid \$40s to upper \$50s per square foot; it is 96 percent occupied. Depending on the floor and the condition of the space, sublease rates can range \$15 to \$20 less than the asking range.

The Harry Fox Agency was not interested in looking for a new location, Mr. Taubin said, "but between the appetite for

in 1927 for licensing musical copyrights. It now handles more than 46,000 music publishing clients and for the past five years assisted in on-demand listening services for the Grammy Awards.

Mr. Elder internally negotiated the leases for RXR Realty.

David Hollander, an executive vice president, brokerage services at CBRE, along with Sacha M. Zarba, a senior vice president, brokerage services, handled the lease for mcgarrybowen.

Matthew Astrachan, of Jones Lang LaSalle, served Tommy Hilfiger and Robert A. Silver, an executive managing director at Newmark Knight Frank, served Lord & Taylor.

Cushman & Wakefield's Jared Horowitz, Jeffrey Lichtenberg and Andrew Peretz, exclusive agents for 40 Wall St., handled the lease for the Trump Organization.

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