



## Development & Leasing

### ROYAL TREATMENT

#### **Brooklyn's Kings Plaza gets a major renovation designed to modernize the 30-year-old mall**

**By Dave Bodamer**

*Kings Plaza, built 30 years ago as the first indoor shopping center in New York City and a main hub of regional retail, is in the final stages of its first major renovation.*

The Brooklyn, N.Y., mall, which was originally built and owned by Macy's, has been physically refreshed and a slate of new, more high-profile tenants have moved into the center.

"The mall simply looked tired," Kings Plaza General Manager Emma Dawson said. Dawson was named general manager in late 1998 to oversee the renovation of the center. "We weren't growing in trade area. We lost some [shoppers] to New Jersey and Connecticut because of lower sales taxes and some because they were looking for more modern environs and a stronger merchant mix."

Now under the management of Vornado Realty Trust, Paramus, N.J., and owned by Alexander's Inc., also of Paramus, an affiliate of Vornado, the center is in the last stages of a \$50 million renovation that began in May 1999. The mall is not completely renovated yet, though the interior was finished in January of this year.



**Newer tenants at Kings Plaza include Banana Republic, Guess? and Ann Taylor Loft.**



**A new skylight helps transform the 30-year-old Brooklyn mall, which was showing its age due largely to a drab color scheme and lack of natural light.**

The renovations already seem to be paying off. Sales, which were always strong, have risen to \$522 per square foot in 2000, about \$200 more than the U.S. average, according to Dawson.

Retailers at Kings Plaza, concerned that the mall was just too dark and drab compared with others in the area — Simon Property Group's Roosevelt Field is only 20 miles away — began renovating their spaces and pushed for the mall to follow suit. "We needed to match what the merchants were doing," said Nancy Gilbert, CMD, regional marketing director for Vornado. That was a prime driver behind the renovation. "They needed to match the beauty of other stores in their portfolios and said we needed to do something with the center."

Kings Plaza, which opened in 1970, was showing its age, so the thrust of the renovation became modernizing and brightening the center. The interior was dark and drab with walls of browns and dark reds. With no skylights, the center was illuminated entirely by artificial light. Moreover, big, blocky stairwells were interspersed throughout the concourse cutting off sight lines throughout the mall. Bulky wood and metal railings on the second floor concourse obstructed views from the upper floor to the lower concourse.

In the new mall, the lower-level floors feature white terrazzo tiles with pattern inlays. The upper floors are carpeted. The mall's ceiling has been raised three feet to create more vertical space in the concourse and skylights have been installed. The artificial lighting has also been updated with decorative fixtures and the ceiling's patterns mirror the patterns on the floors.

Kings Plaza also removed the blocky staircases and replaced them with escalators and an elevator in the center of the mall with staircases tucked into the outskirts of the concourse, out of sight. The removal of the old stairwells has uncluttered the mall's concourse, opening up the views for customers. Meanwhile, the wooden and metal guardrails have been replaced with translucent glass. Most of the stores in the mall have been renovated as well.

"The staircases blocked everything," Gilbert said. "They were demolished to the happiness of everyone involved."

The center is the only regional mall in Brooklyn, one of New York City's five boroughs, and it pulls in shoppers from Queens, Manhattan and Long Island.

Local brokers say that Brooklyn and Queens are both strong markets and that the renovation of Kings Plaza is necessary in order to keep shoppers' attention.

"There's a lot of cash floating around in this market and no place to put it. [Renovating Kings Plaza] is a good decision for bringing back a strong return on investment," said John Maltz, principal of Greiner-Maltz Co., Long Island City, a brokerage firm that specializes in New York City commercial, industrial and retail real estate.

A handful of national retailers features stores in the mall that are among the highest grossing in the region or nation. For example, Kings Plaza has the highest-grossing McDonald's in any mall in the country. Its Old Navy ranks second in terms of sales in the Northeast and is in the top five in the country for Gap. The Sears is the second-highest grossing in the nation, and Kings Plaza was one of the first malls to feature the new Victoria's Secret prototype.

Vornado assumed management of the mall about three years ago and has overseen a 25% turnover in the center's tenant base through the end of 2000, bringing a higher proportion of national retailers to the center. It plans to turn over another 10% of the space before the end of this year. The mall has an occupancy level of 96% and roughly 85% of its tenants are national retailers, Dawson said.

FACT FILE	
<b>Kings Plaza</b>	
<b>Location:</b>	Brooklyn, New York
<b>Manager:</b>	Vornado Realty Trust
<b>Architect:</b>	Cooper Carry, Dal Pos Architects
<b>Contractor:</b>	Jones GMO
<b>Anchors:</b>	Sears, Macy's
<b>Size:</b>	1.1 million square feet

Some newer tenants include Old Navy, Banana Republic, Guess? and Ann Taylor Loft. Gap, which nationally has seen slowing sales and has cut back on its expansion plans, renovated and expanded its space at Kings Plaza by as much as 30,000 square feet.

Shaya Grosinger, vice president of City One Real Estate, New York City, said Kings Plaza is a strong property and improvements at the center will only make it stronger.

When Kings Plaza opened in 1970, it had 79 stores on line. Within a year it was up to 125 stores. The two-story mall was originally anchored by a Macy's and an Alexander's. In 1985, as Macy's was divesting itself of its mall portfolio, it sold a 50% stake in the mall to Alexander's and kept the other half for itself. In 1988 Alexander's bought the remaining 50% interest.

Alexander's Inc. controls some of the real estate that the Alexander's department store chain owned, including the former flagship store in midtown Manhattan. Steven Roth, Vornado chairman and CEO, originally bought a 27.4% stake in Alexander's in 1983. In 1995 he became the majority owner of the company and in 1997 oversaw the closing of its department stores.

At that time, Sears entered the mall and took over part of Alexander's space, while the rest went to a Modell's sporting goods store on the mall's first floor and an Old Navy on the second floor.

Alexander's Inc. has attempted to cash in on some of the high-profile real estate the stores formerly inhabited. Vornado also loaned Alexander's \$50 million in late 1999 to help fund the Kings Plaza renovation.

The main entrance still needs renovation, but there are some issues that have to be resolved with city authorities before that happens. The plaza in front of the mall features bus stops for nine city lines and Vornado needs to work out how the plaza would be affected by any changes to the mall's exterior, general manager Dawson said.

The mall does already have several high-profile local tenants. It features the official team store of the Brooklyn Cyclones, a minor-league baseball team that began playing earlier this year. It's the first team to play in Brooklyn since the Dodgers left for Los Angeles in 1955.

"The only two places to get tickets for the Cyclones' first game were at the stadium and at Kings Plaza," Dawson said.

Vornado also gave longtime tenant the Cookie House a new space triple the size of its previous one because it is well known among local shoppers.

"I love our new space," Manager Tony Piscitello said. "We've gone from 550 square feet to 1,500. This is much nicer, and it's easier to serve our customers."