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PROPERTY

BLOCK PARTY | By Kaya Laterman

Chic Hotels, Cafes Live Up Ludlow Street Area

The price of a pastrami on rye at Katz's Delicatessen may have inched higher over the years, but not much else has changed at this Lower East Side institution. You still get a paper ticket when you push through the turnstile and you can still send a salami to your boy in the Army.

Change, however, is all around Katz's. New condominiums, many which stalled during the financial crisis, have been restarted and are nearing completion. New restaurants, hotels and retail stores are opening, replacing longtime bars and cafes that had been mainstays in the neighborhood for the last two to three decades.

"I think what makes New York special is that it is always changing and constantly growing," said Jake Dell, a co-owner of Katz's. "Change is not always bad. It's just different, and that's what makes some people upset."

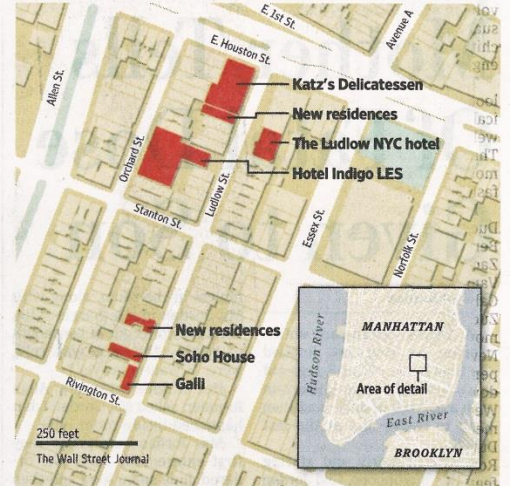
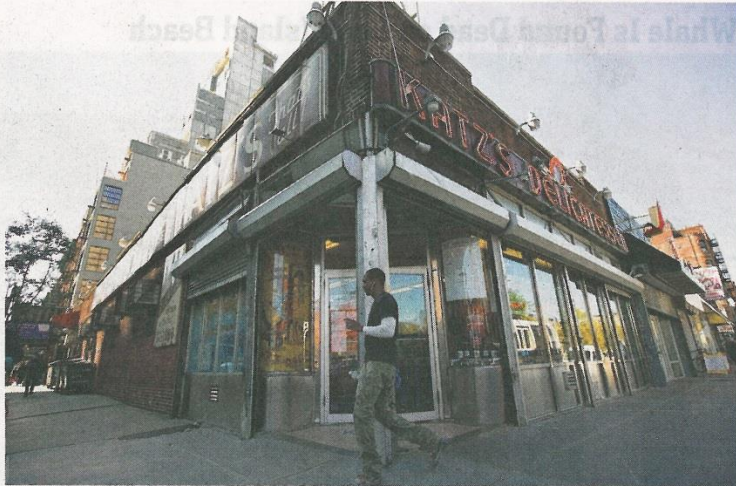
That said, Katz's Deli isn't going anywhere. The one-story building on the corner of East Houston and Ludlow will remain as it is, although the owners recently sold the property's air rights to a developer.

The once-gritty vibe of the Lower East Side has largely disappeared and many of the new commercial and residential spaces are occupied, targeted and patronized by professionals with disposable income.

Ariel Tirosh, a broker at Douglas Elliman who is marketing the condominiums at 179 Ludlow St. and 100 Norfolk St., said about 50% to 55% of the inquiries on the latter development have been from 20- to 30-year-old professionals, many of them single women. Sales for 179 Ludlow will start in a few weeks.

"I think the success of the night-life scene has attracted more daytime business the last few years," he said. "When you see a vibrant cafe culture developing, buyers become more confident."

There have been many critics of such boisterous night life, however, and some community groups have dubbed a pocket of the Lower East Side "Hell Square" because there



Clockwise from above: Katz's Delicatessen, a Lower East Side institution; the outdoor patio at Ludlow New York City hotel; and a rendering of the new condos at 179 Ludlow St.



are so many bars and so much traffic and drunken ruckus, especially during the weekend.

The Ludlow New York City hotel, which officially opened its doors last month, looks to cater to creative professionals and musicians, but also to local residents who want a quieter place to grab a drink, said its general manager, Bruno Vergeynst.

"Some of our first patrons in our lobby bar were older lo-

cal residents and they seemed to like our laid-back vibe," he said, touting the quiet outdoor patio and dark lobby-lounge area, which is dotted with large amplifier speakers.

Mr. Vergeynst said his first marketing push was to overseas travel agents who work with tour managers of rock bands. Such bookings help fill up multiple rooms since bands often tour with large crews and they also help establish

the hotel's identity.

"We wanted to add to the gritty, rock 'n' roll feel of the neighborhood," he said, adding that recent patrons have included the popular English rock band Kasabian.

Meanwhile, turnover for small retail spaces, especially clothing boutiques on the ground floor of tenement buildings, has been high, largely because of little weekday foot traffic that is attrib-

uted to the lack of area offices. There are currently about half-a-dozen empty storefronts on Ludlow Street.

"The successful boutiques have a vertical business because you can't just rely on walk-in customers," said Michael Forrest, chief executive officer of Forrest Partners LLC, a local developer.

It helps if you have income also coming in from internet sales, a wholesale business or

a side gig as a stylist, he said, describing one, financially stable boutique tenant.

Mr. Forrest, who is also the president of the Lower East Side Business Improvement District, is one of the many area landlords who are bullish about the changing commercial landscape. He sees enough activity to open this month a second location of his Italian restaurant Galli on the corner of Ludlow and Rivington streets.

He expects foot traffic to grow even more when Essex Crossing, a residential and commercial development project, is completed in a few years. The project is expected to bring 1,000 new residential units and about 600,000 square feet of commercial space a few blocks south of the new restaurant.

"I think Essex Crossing will be transformative because it will bring in a huge daytime workforce that will ultimately add a different dimension to the neighborhood," he said.

Other new developments include Hotel Indigo LES at 171 Ludlow, expected to open in late spring of next year, a residential building at 145 Ludlow, and the second location of the private club Soho House at 139 Ludlow, expected to open in about a year.

Douglas Elliman

PHOTOS: MICHAEL FORREST; MAP: JEFF GARDNER; ILLUSTRATION: JEFF GARDNER