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New Big-Box Store May Make East Harlem a Target Market

Real Estate

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IKEA ISN'T THE ONLY NEW "BIG-BOX" STORE IN NEW YORK CITY THAT MAY HAVE A SIGNIFICANT IMPACT ON THE neighborhood around it. Manhattan's first Target is scheduled to open next year at a shopping plaza at 116th Street and the FDR Drive, and experts say it may be just the ticket to kick-start real estate prices in East Harlem.

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Courtesy of Target

Rendering of the East River Plaza Target store which is currently under construction.

East Harlem lags behind West Harlem in terms of home prices, according to a vice president at the Corcoran Group, Jessica Armstead, in part because of a perception that the area has few stores and other amenities. "This mall is going to totally change that," Ms. Armstead, who specializes in East Harlem and also lives in the neighborhood, said. "Everyone is super excited about the Target."

The single-level store, one of three Targets under construction in New York City, will anchor the 485,000-square-foot shopping center, called East River Plaza.

Target already has been enthusiastically embraced by New York customers: The company says its Atlantic Terminal store in Brooklyn is one of the busiest Targets in America. And while opponents have long worried about the impact of big-box retailers on mom-and-pop stores, experts say the chain will benefit neighborhoods where few shopping opportunities currently exist.

"For years, people have had to go to New Jersey or Westchester to buy groceries," the president and CEO of the Upper Manhattan Empowerment Zone Development Corp., Kenneth Knuckles, said of East Harlem. "People will now be able to shop in their neighborhood."

East River Plaza is under construction on the site of the former Washburn Wire Factory, off the FDR Drive between 116th and 119th streets. After years of delays, the project has mushroomed in price, to some \$440 million, according to the developer, Blumenfeld Development Group. It is scheduled to open in October 2009.

The shopping center will also house a Best Buy and a Marshalls. Home Depot had signed on to lease 110,000 square feet on the first floor, but is reportedly in talks with Costco to sublet the space.

A decade ago, there were few big-box stores in New York City, according to the president of retail consulting firm the McComb Group, James McComb. But as the suburbs became saturated with chain stores, some retailers — including Target — began modifying their suburban formats for city settings.

"Target, of the big stores, was the first to tiptoe into that market," Mr. McComb said. "There was a time when they were very hesitant to consider a two-level store. But now they've figured it out, and they find that the sales are very

strong."

Target now has seven stores in New York City, and, in addition to the East River Plaza location, two others under construction: at Bronx River Terminal, scheduled to open July 2009, and a multilevel, 850,000-square-foot store in Flushing.

The company is on the lookout for additional city space, a company spokeswoman, Delia McLinden, said. "The New York City market has been a very successful area for us," she said. "It's worth it for us to spend the extra time and money and planning to go through a unique store design."

Target also has an advantage in urban markets that other chains, such as Ikea and Home Depot, don't have: a vast array of merchandise, from DVDs to groceries to Isaac Mizrahi clothing. "Target stores will do very well because of the breadth of merchandise they can provide," the president of retail consumer consulting firm Customer Growth Partners, Craig Johnson, said. "Most things, you can walk out with in grocery bags."

Ms. Armstead said it's the Target that's drawing the most excitement among prospective buyers at new residential developments in East Harlem — including the Nina Condominium at 450 E. 117th St. — in part because the store is attractive to a wide range of consumers. "It appeals to everyone," she said. "You go in to get toothpaste and come out with three bags. It's amazing."

Target's broad appeal likely will give a much-needed boost to East Harlem's economy, advocates say.

"East Harlem has one of the highest unemployment rates in the region," Mr. Knuckles said, adding that he expects East River Plaza to provide up to 2,000 full- and part-time jobs to East Harlem residents. "We think that this is going to be very beneficial for local residents."

Moreover, he said, the area is currently lacking in sufficient retail options, forcing many residents to shop for certain items outside the city. "This will allow people to take money they've earned and spend it in the community," he said.

Low-income neighborhoods in urban areas often lack adequate grocery stores and other retail, according to a senior resident fellow the Urban Land Institute, a nonprofit research and education organization, Michael Beyard. "If it doesn't have a grocery store nearby — if you have to get on a train — it's going to hold back property values," he said. "Any kind of retail that moves into the neighborhood is going to have a positive effect." Rather than forcing mom-and-pop stores to close, he said, the presence of a Target is likely to bring more business to nearby stores and encourage others to open.

Not everyone is happy about East River Plaza's arrival. An architect who owns a brownstone behind the site of the new shopping center, Raymond Plumey, said the project will bring traffic and pollution into the area, and that stores such as Best Buy and Home Depot likely will not benefit most East Harlem residents.

Still, he said, Target will be a largely welcome addition to the neighborhood. "People that are looking for discounts are very excited about it," he said. "They think having a big-box store in your neighborhood means you've arrived."