

## **City's first legal recreational pot dispensary should provide NoHo with a big retail boost**

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It took a while. And it might take a while longer for others to follow suit.

But the city's first legal marijuana retailer in NoHo is enjoying fired-up customers, based on the steady lines that have formed outside Housing Works Cannabis Co. since its Dec. 29 opening in the neighborhood.

Its popularity has heartened some landlords and brokers worried about the problem of empty storefronts. If a cannabis dispensary can revitalize a Gap that closed during the Covid-19

"It's bringing traffic to the neighborhood—which should be a good thing," said Jeffrey Gural, chairman of GFP Real Estate, which controls the south side of Astor Place between Lafayette Street and Broadway. Gural's tenants include an outpost of Felix Roasting, a coffee chain, and soon, Raising Cane's, a chicken restaurant, as well as juice and donut joints.

"People may want their marijuana with a donut," Gural suggested.

Although the number of Manhattan retail tenancies picked up last year, availability rates remain elevated at 10% to 30%, according to data from Cushman & Wakefield.

Vacant shops are not likely to fill up overnight. The state Office of Cannabis Management has so far awarded just 36 conditional licenses for dispensaries out of 900 applicants. Applicants must have a past cannabis conviction or be a nonprofit working to help those who have been behind bars.

Of the 36 licenses, eight went to nonprofits, the OCM said. Housing Works is one of them.

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Because pot is still illegal on the federal level, applicants and presumably their landlords aren't supposed to finance any deals through federally chartered banks, though it's unclear if that rule is being enforced.

The lenders involved with the Housing Works store, which is in a building owned by the Manocherian family, had no problems with the use, according to Gary Alterman, the Newmark broker who marketed the 7,400-square-foot space and is now trying to lease another former Gap next door. A message sent to Alan Manocherian, a partner in the family firm, was not returned by press time. (Housing Works sells its "flower" for cash to avoid credit cards.)

Sean Philipps, the Katz and Associates agent who represented Housing Works, which has a 10-year lease starting at around \$100 per square foot annually, acknowledged that some landlords remain wary. The owner of a former Starbucks near Fifth Avenue in Midtown initially seemed excited to install a dispensary before getting cold feet, Philipps said.

"I think you need to ask landlords, 'Is your bank OK with this?'" said Philipps. "That's the first step."