

CRAIN'S NEW YORK BUSINESS

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July 20, 2022 07:30 AM | UPDATED 45 MINUTES AGO

Out of the box: How one broker gets creative to lease space for big-box retailers



NATALIE SACHMECHI
Real Estate Reporter



Buck Ennis

Katz

Brian Katz of Katz & Associates boasts clients such as DSW and Ulta Beauty

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Through the rise and fall of big-box retail, Brian Katz has seen it all.

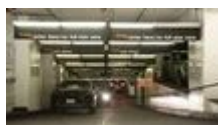
His father was the president of Melville Realty, the leasing arm of Melville Corp., which owned dozens of retail chains, including CVS, Marshalls, Footaction, KB Toys and Linens 'n Things.

“He ran it for 25 years, and in the old days it was probably one of the most sought-after retailers to speak to at the International Council of Shopping Centers conferences in Las Vegas.” Katz said.

When the company separated into different companies in 1996, Katz's father started his own real estate consulting business, Katz & Associates, and persuaded a few Melville clients to follow him. Katz followed in his footsteps and began working at the brokerage Forest City Ratner in Brooklyn in 1998. Shortly after that his father brought him into the family business.

Today he is the company's chief executive and is responsible for all the leasing efforts for retail giants such as Saks Off 5th, the East Coast DSW locations, Ulta Beauty and even Chick-fil-A.

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What's your secret sauce for getting clients?

I know my shit and I'm always prepared. If somebody is trying to hire someone who is taking them to Knicks games or taking them out drinking, I'm definitely not the guy. There's

hundreds of people doing this, but I can count on both hands the people who get to interview for these types of assignments.

In my specialty for junior anchors and big box, the list is even smaller. I like to think I win most of the time, not all the time. When I lose, I know why and I'm generally comfortable with it.

Why do your clients choose you?

I work the entire New York metro market, not just the boroughs. I do everything from Hartford, Connecticut, to Toms River, New Jersey, so when somebody hires me we're looking at the metro area as the marketplace.

I'm the single point of contact to execute in that entire geography as opposed to firms that are only in Manhattan and have to work with many different brokers in different areas.

How did you celebrate your first big deal?

My first deal was a 500-square-foot Sprint cellphone store at the Shops at Northern Boulevard in Woodside, Queens. That was my first deal at Forest City Ratner.

I was living in the West Village, so we probably went to Tortilla Flats until 4 o'clock in the morning because that's what we did every night. I lived in Meatpacking before there was a Meatpacking [District]—it was my two friends from high school and some girl we found on Craigslist.

A client is about to walk out the door. What's your Hail Mary move to keep the deal intact?

If a client thinks a deal is going south or they need to exit for a reason, I'm going to support it. If you try to oversell any particular transaction, it starts to look like you're only doing it for the benefit of yourself.

We did a deal with Floor & Decor in Commack last year that we were trying to do pre-Covid. Lifetime Fitness beat us to the location, but they ended up pulling back and we swooped in and grabbed the space.

If I didn't call to keep asking the landlord if it had become available, we never would have gotten it.

What's the most complicated deal you worked on recently?

It's also my favorite. It's 2008, the world is crumbling and we had just picked up the Eastern Mountain Sports account. They had a 5,000-square-foot store on Broadway between Houston Street and Prince Street.

We sent an email blast that says we're representing them and literally within five minutes, my phone rings and it's Aurora Capital Partners, the landlord that was trying to master-lease the building where my client was. He wanted to get rid of them and put in a 25,000-square-foot Victoria's Secret.

We met at a diner on the Upper East Side to discuss. Eventually we were able to negotiate a large buyout for my client, the space was freed up for Victoria's Secret but we had to relocate Eastern Mountain Sports at the same time and moved them into 20,000-square-feet across the street owned by Thor Equities.

There was also a third landlord competing to have Victoria's Secret.

Every day something else went wrong and we had to manage so many different personalities, line everything up, make the buyout, and I can still remember to this day just lying in bed at night and thinking, "I don't know how this is going to happen."

How has your retail strategy changed?

I think there's still a great opportunity for large-format tenants, though there isn't as much large-format space.

Our clients aren't the ones paying \$20 million in Times Square; they're looking for locations where they can make money .

We've been actively on a hunt for Hobby Lobby and we just did their store in Staten Island. We've been busy with Floor & Decor trying to find space in the outer boroughs.

We're encouraging clients to be patient. There really is no reason to rush into any particular transaction. We want the right space with the right economics and we want stores that are going to make money.

What has been the biggest challenge for you during the pandemic?

I think it's getting everybody reset on the current market conditions. We came out of a period

where every retailer thought every landlord was getting killed and that they should be getting the best deals ever and making very aggressive offers to get aggressive deals.

The absorption of retail space has really accelerated so from an inventory standpoint things are tightening so you have to reset your expectations to be able to secure spaces.

Inline Play

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