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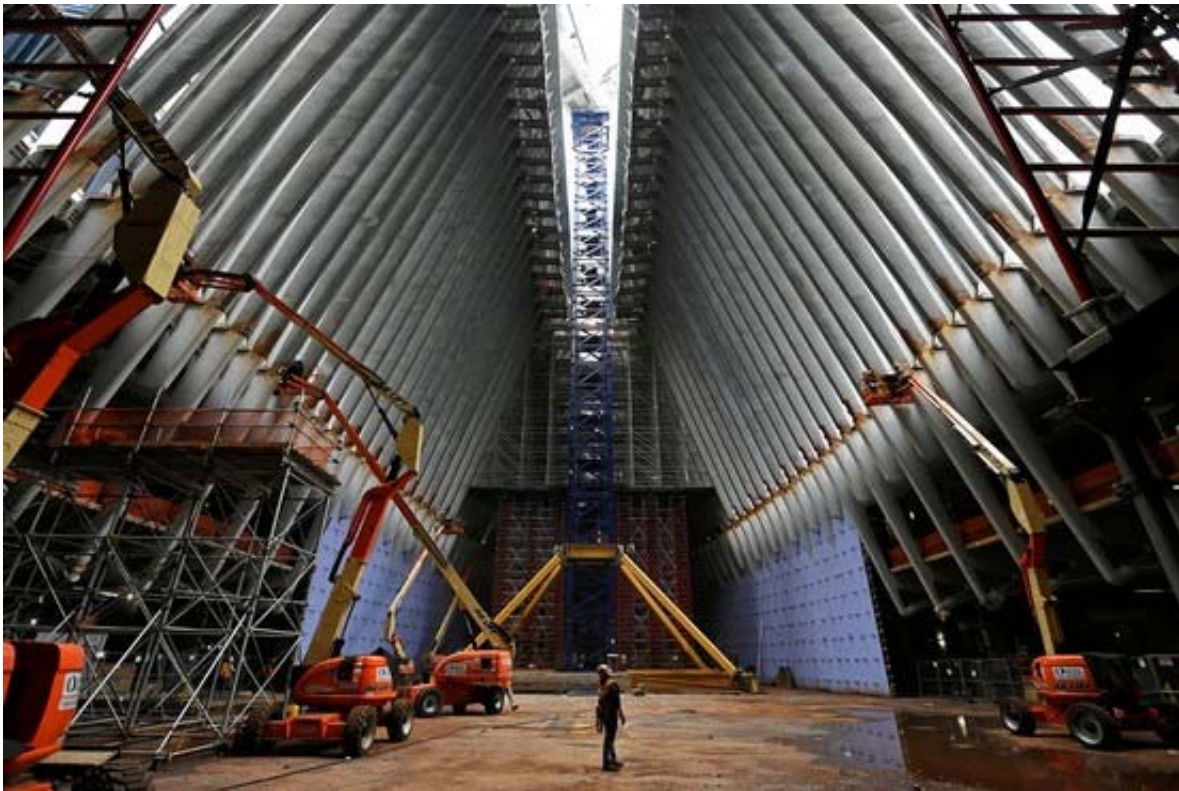
NY REAL ESTATE COMMERCIAL

Westfield's Underground Mall at World Trade Center Draws Marquee Retailers

Developer Says 80% of Brands Have Signed Leases or Are Close to Signing

By KEIKO MORRIS

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A steel worker on the ground floor of the under-construction Oculus, which will connect with the World Trade Center's new transportation hub. *Peter Foley for The Wall Street Journal*

Six weeks before the Sept. 11, 2001, terrorist attacks, Westfield Group bought a 99-year lease for the retail portion at the World Trade Center.

Now, as the once-shattered site re-emerges, the international mall giant says about 80% of the 150 retail brands that will fill the newly built complex have signed leases or have leases out for signing.

By the time the \$1.4 billion project opens next year, Westfield expects the roster of retailers to be filled.

"We only have 365,000 square feet of space," said Peter Lowy, co-chief executive of Westfield Group. "We could have leased it three or four times over."

Westfield's development, which is built into the site's new transportation hub, is reaching for more than 200,000 expected daily commuters along with tourists and a growing number of people living in lower Manhattan.

Unlike Brookfield Place's high-end retail redevelopment across the street, Westfield World Trade Center must aim for broad appeal, industry experts said.

"We really were trying to get the best brands, the most relevant and most productive, given the consumer we have down there," said Greg Miles, Westfield's chief operating officer in the U.S. "It's really important for us to have a mix to satisfy broad constituents."

So far, the complex has attracted several marquee brands. Turnbull & Asser, the British men's shirtmaker and clothier that has dressed many a James Bond star, and designer-shoe brand Stuart Weitzman, have signed on. Both will have shops within the new Santiago Calatrava-designed Oculus, which soars above the hub's central corridor.

Apple Inc., Michael Kors Holdings Ltd., Kate Spade New York, The Kooples, MAC and Bobbi Brown also are among retailers in advanced discussions for leases, according to people familiar with the talks.

Eataly, the company behind the gourmet Italian food and wine marketplace in the Flatiron District, said it was seriously considering the space, though nothing was official yet.

"I think retailers in general have a skeptical approach to retailing underground," said James Fayed, who sits on Turnbull & Asser's board and is involved with operations. "But the walkway traffic is going to be phenomenal. And the Oculus draws light all the way through so it feels like you're not underground."

Mr. Lowy said the World Trade Center's retail component presented an alluring retail opportunity in 2000, when the Australian company began to negotiate its original lease.

The Mall at the World Trade Center, which had housed about 75 to 80 retailers, had been revered for generating more than \$900 a square foot in annual sales before it was destroyed on Sept. 11, industry experts said.

Among those killed that day was Bruce Eagleson, a Westfield management vice president, who had begun working in the South Tower as the company prepared to take over the site's retail.

Westfield World Trade Center has two levels of shops along what Westfield calls the West Gallery, leading to the new PATH station.

Two more levels of stores are stacked within the Oculus and through the South Gallery leading to Liberty and Church streets.

The complex also includes three levels of retail at 4 World Trade Center and 3 World Trade Center, the latter of which has been stalled because of financing.

Rents in the Oculus range between \$400 and \$500 a square foot, comparable to ground-floor prices for choice retail spots in lower Manhattan, people familiar with the pricing said.

Average asking rents for space on Broadway and from Battery Park to Chambers Street were \$280 a square foot in the first quarter of this year, according to CBRE Group Inc. Westfield declined to comment on rents.

Downtown's retail resurgence is affecting the retail values on the street, said Gene Spiegelman, vice chairman of retail at Cushman & Wakefield Inc.

Earlier this year, Cushman & Wakefield represented the owners of 222 Broadway in a deal leasing a 30,000

square-foot store in the building to Inditex SA's Zara fashion chain.

"Downtown is only going to continue to improve," Mr. Spiegelman said.

The streets of Manhattan have inspired and guided Westfield's leasing approach, people familiar with the plans said.

The main floor of the Oculus is a fusion of the types of retailers found on Soho's Prince Street and on Madison Avenue.

Balcony stores are pitched to evoke the more cutting-edge feel of shops on Mercer, Greene and Wooster streets and the Bowery.

Stuart Weitzman, founder of the namesake shoe brand, said he expected the World Trade Center and the Memorial Plaza to become tourist stops as popular as the Empire State Building or the Statue of Liberty.

"That will increase the traffic flow and we think will generate a wonderful retail business," said Mr. Weitzman, who will take a 2,000 square foot space in the Oculus.

Some retailers had concerns about "retailing on hallowed ground," but that changed as construction continued and a distinct experience from the memorial materialized, said Laura Pomerantz, a broker and CEO of Laura Pomerantz Real Estate LLC.

"When people could physically see it, and go down into it, you felt differently," she said.

None of the shops face the park or the museum, executives said.

French apparel retailer Zadig & Voltaire said its decision to take a space was driven by the site's architecture, the promise of exposure and foot traffic.

"But there was also a great feeling of wanting to be part of something that would help rebuild an area that was part of something that was truly devastating to the entire world and will always be remembered in everyone's mind," said Al Abayan, a spokesman for the retailer.

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