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PLATINUM MILE 2.0

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the first new office building
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Platinum Mile in 25 years.

**Q&A: Our New
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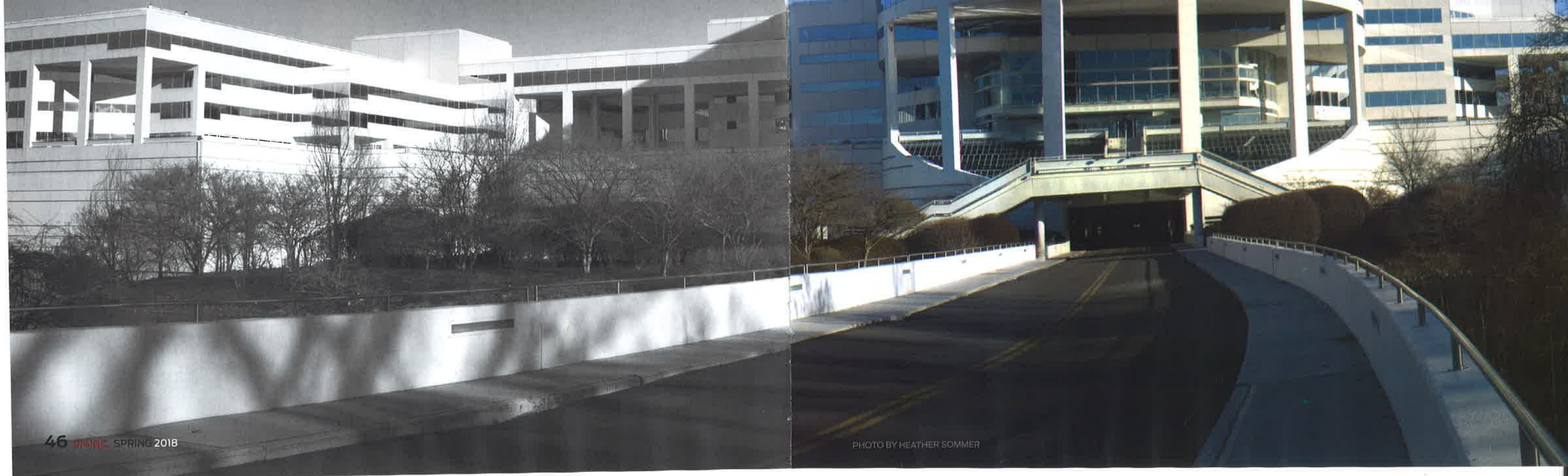


PLATINUM

A perfect convergence of regulatory, social, and economic forces pushes the county's key commercial corridor to the forefront again.

By Dave Donelson

MILE 2.0





It may only be early spring, but a bumper crop of steel and concrete is sprouting along Westchester's Platinum Mile. What's growing aren't rows of glass-box office buildings, but rather a remarkable variety of structures previously foreign to the I-287 corridor. The county's long-dormant commercial real estate center is coming back to life, transformed by forward-thinking municipalities, developers, landlords, and tenants.

Before our very eyes on the Platinum Mile, stuffy corporate offices transform into buzzing X-ray labs. Miles of desktops become scores of kitchens for empty nesters. Fresh fruits and vegetables replace file folders while elliptical trainers and swimming pools take the place of gray office cubicles and computer terminals. Sure, there are still plenty of conference rooms and corner offices, but now they share space with day-care centers, linear accelerators, and college classrooms. The Platinum Mile is coming back, very new and improved.

"The Platinum Mile has long been a significant corridor of commerce and an emblem of the evolution of Westchester over the years," says Marsha Gordon, president and CEO of The Business Council of Westchester. "It's wonderful to see its reju-



"Ron Belmont and the town board had an open mind, and Life Time opened the door. We can point to the numbers before and after and show how it really worked."

—Frank McCullough, Senior Partner, McCullough, Goldberger & Staudt, LLP

venation." Considering the normal glacial pace of property development in the county, the speed of this rejuvenation approaches revolutionary velocity.

While the "Platinum Mile" is not an official designation, it's generally defined as the stretch of I-287 from 333 Westchester Avenue in White Plains to 800 Westchester Avenue in Rye Brook, a distance of about four miles. The south side of the highway is part of the city of White Plains, while the north lies in the town of Harrison. Commercial development occupies roughly half of the White Plains side, while the Harrison side is almost all non-residential. (Until the middle of the last century, both were cow pastures and orchards, with a few

mansions and country clubs nearby.)

Developer Lowell Schulman, who passed away last year, pretty much created the Platinum Mile out of whole cloth. After many years running the family women's store in White Plains and investing in small properties in the city, the builder-developer began acquiring land along the newly completed I-287 corridor and persuaded the town of Harrison and city of White Plains to change zoning to allow office buildings. In 1965, he started acquiring what eventually amounted to 421 acres of undeveloped land on both sides of the highway, purchased with little or no money down and financed at low interest rates. To finance

Real-estate attorneys Frank McCullough (left) and Seth Mandelbaum at the site of the future Carraway by Toll Brothers (rendering at top), the first-ever residential project on the Platinum Mile.



construction, he sold off parcels until he finally ended up with about 120 acres that held 26 office buildings with some 2 million square feet of space on several campuses.

Other developers, like the Robert Martin Company, followed Schulman's lead, and the Platinum Mile exploded. When the real estate market crashed in the 1980s, Schulman refinanced his properties through the General Motors pension fund but was unable to hold on to them in that era of interest rates approaching 20% and declining rental income that undermined commercial property values. By the mid-1990s, his buildings had new owners. It was the first of several setbacks for the Platinum Mile, most of them related to the larger economy.

There were a couple of years when the Platinum Mile was 'Desperation Row,' but "we've turned that corner. It's really something to see," says Frank McCullough, a leading real estate attorney (and Rye native) who has represented numerous developers, buyers, and sellers of properties on the Platinum Mile since the days of Lowell Schulman.

Revolutionary attitude sparks revolutionary development

Three significant trends that began little more than a decade ago are accelerating the recent transformation. Perhaps the most revolutionary occurrence since the Platinum Mile was zoned for office parks in the 1960s was the rezoning of a significant portion of the Harrison side to allow uses other than office facilities. Not long after Harrison mayor Ron

1954

1955

1956

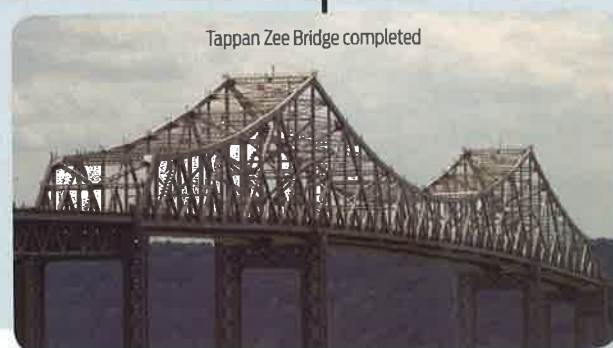
1960

1965

The Rise and Fall — and Rise — of the Platinum Mile

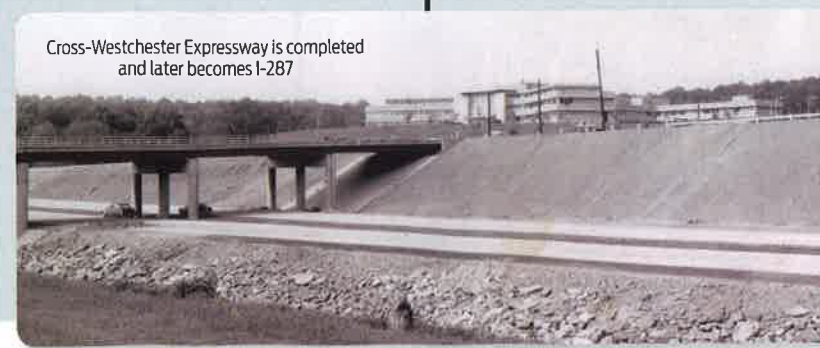
Milestones in the history of Westchester's most famous commercial real estate corridor

General Foods moves to Westchester and builds 333 Westchester Ave



Tappan Zee Bridge completed

Cross-Westchester Expressway construction begins



Cross-Westchester Expressway is completed and later becomes I-287

Lowell Schulman begins building in the area

“We’re lucky the leaders of Harrison and White Plains were astute enough to know their towns would die if the office parks were left to sit there. What we see now is the fruit of their open minds to the evolution of the business environment.”
 —Marsha Gordon, President and CEO, The Business Council of Westchester

Belmont took office in 2012, a master plan for the town that had languished for 10 years was finally approved and things started happening.

Belmont invited developers, their attorneys, and other interested parties to lunch at a local restaurant. “We gave a brief presentation,” he says, “but then we turned it over to them to see what they wanted to see happen, what obstacles they had encountered, and what the possibilities were. What they said gave us a framework to address optional uses of the land. We kept an open mind about their proposals and were able to engage them in a non-adversarial way.”

Harrison had to do something. From 1972 to 1988, about 4.5 million square feet of commercial office space had been built on 256 acres of land in Purchase, a hamlet of the town. The heavily leased properties paid some 60% of the entire town’s tax bill. By the time the master plan was approved, that had shrunk to 18%. Major corporations left the area, and those that stayed behind didn’t need as much office space, as technology replaced both miles of file cabinets and the workers to shuffle papers among them. Properties like 400 Westchester Avenue in West Harrison sat empty for 10 years, from 1998, when Verizon left, to 2008, when Fordham University moved in. Obsolete office buildings were moth-balled by cash-strapped owners, empty asphalt parking lots sprouted weeds, and by 2010, the vacancy rate on the Platinum Mile was 30% — nearly double that of the rest of the county. That changed when Harrison’s mindset changed.

Life Time Athletic was the first to take advantage of Harrison’s new attitude. The Minnesota-based health-club operator paid \$12 million for 22 acres with three buildings that Gannett had downsized out of over the years. Harrison issued a special-use permit, and Life Time tore down *The Journal News* building and opened a 209,000 sq. ft. facility that couldn’t be more different from the offices and printing plant it replaced.

The new business in town not only added to the tax base, it proved a point. “Ron Belmont and the town board had an open mind,” McCullough

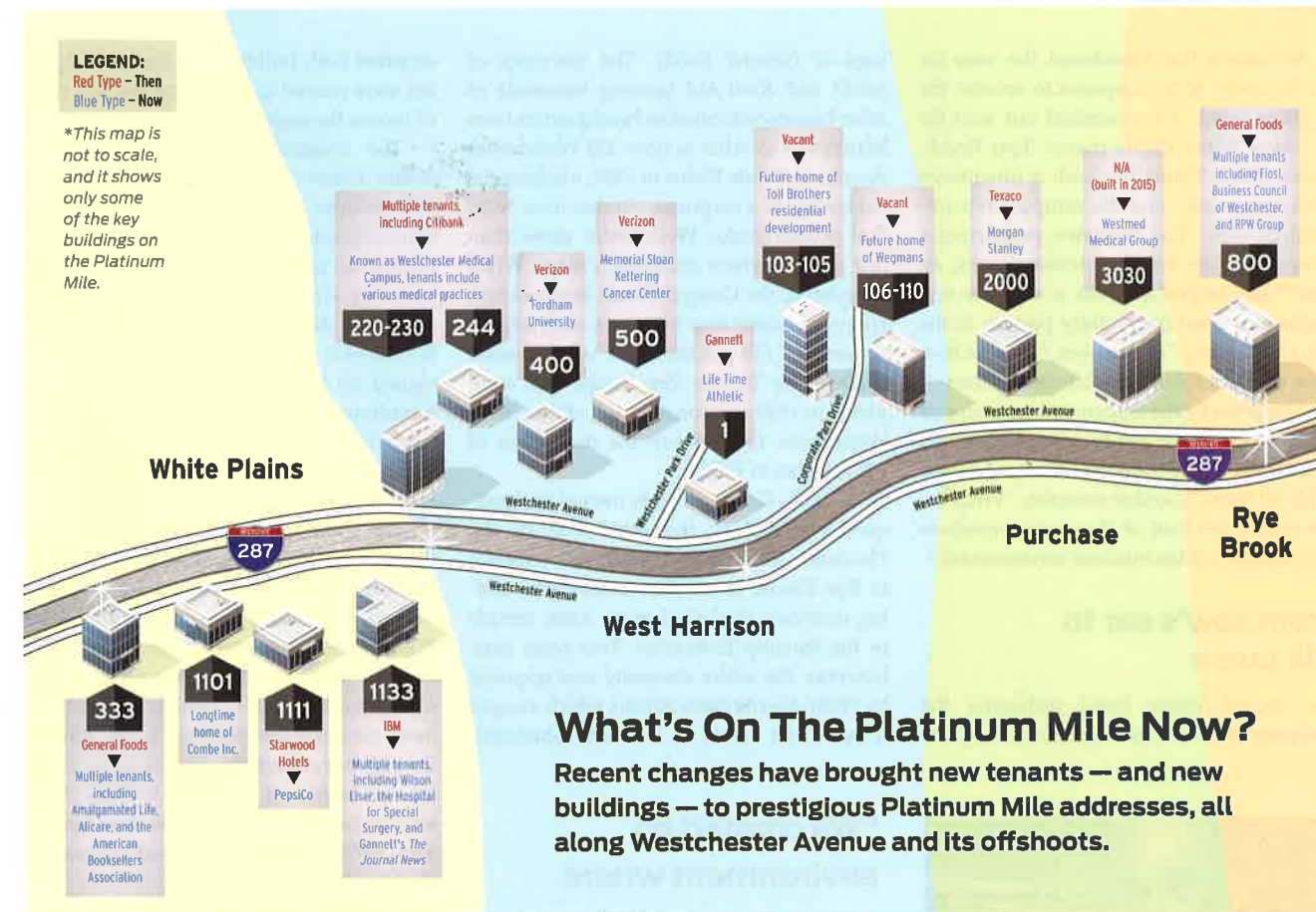
says, “and Life Time opened the door. We could point to the numbers before and after and show how it really worked.”

Harrison town planning consultant Patrick Cleary says the town’s newly minted communication policy worked well with Life Time. “We were able to tell them what they needed to study, so we could go through the environmental review process and site-plan review and change the zoning rules,” he explains. “We were able to do that in under a year from application to approval.” The entire process from the first application to the ribbon cutting took 32 months, a blink of an eye by Westchester standards.

That progress led to two even more revolutionary Platinum Mile land uses. Toll Brothers broke ground last August on Carraway, a 421-unit luxury-housing development on 10 acres at 103-105 Corporate Park Drive in West Harrison. The two outmoded and unoccupied three-story office buildings were left empty by previous site owner Normandy Partners when they acquired them, along with about a dozen other buildings (known collectively as “The Exchange”) from RXR Realty, in 2009. Toll Brothers razed the decrepit buildings to make room for a new five-story building that will have ground-floor retail-and-restaurant space and rental apartments ranging from studios to two-bedrooms. Other amenities include a club room, kids’ playroom, pet spa, fitness center, bike lounge, craft room, coworking lounge, and pool, as well as parking.

Forty-two of the units will be earmarked as affordable housing. Half of them will be for people earning 60% of AMI (area median income) and half for people earning 80% of AMI.

Toll Brothers has successfully converted similar office properties to residential use in other cities around the nation. “Some of the same things that made this location a good office park, like accessibility, make it a good residential location,” says Charles Elliott, president, Toll Brothers Apartment Living. “From a macro standpoint, it’s easy to get to New York City. As part of our development, we’ll have a shuttle service that takes you to the train station. The



highway situation is also very good. It’s also a great town with a strong community, and good retail not far away.”

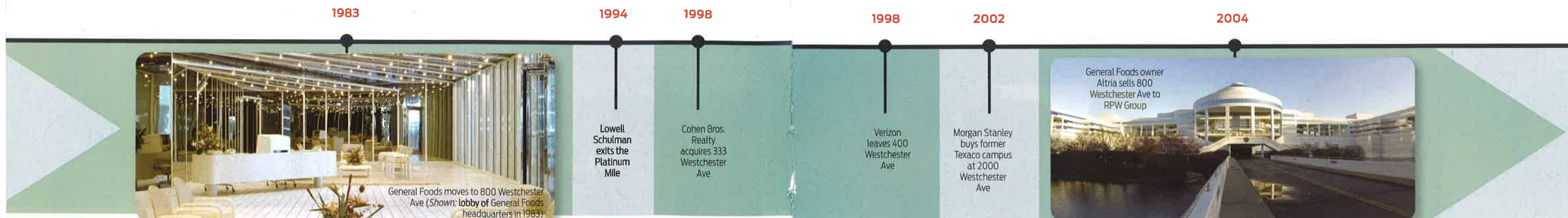
Retail will be even closer soon. Rochester-based Wegmans Food Markets received approvals to build a 125,000 sq. ft. store and an 8,000 sq. ft. building with other retail space on 20 acres at 106-110 Corporate Park Drive, next to the Toll Brothers development. Wegmans will replace three office buildings owned by Normandy Partners. Wegmans operates more than 90 stores in New York, New Jersey, Pennsylvania, Massachusetts,

Maryland, and Virginia, but this location represents the family-owned company’s first foray into the Westchester market.

Harrison’s approach has paid off in other ways, as well. The town negotiated agreements with developers to pay for road resurfacing, drainage, and other infrastructure items that typically fall on the shoulders of municipalities. “We identified certain infrastructural deficiencies in the developers’ new neighborhoods and pointed out that the town does not have the resources to address the problems in the short

term. But during construction projects, the town could help to implement improvements if the developer would cover the cost or use their construction people to undertake the work,” explains Cleary. “Wegmans, Toll Brothers, and Life Time have all contributed to public improvements.”

White Plains made a similar commitment to land-use changes on its side of the corridor, although the city’s attention has largely been on its central business district and soon-to-be transit-center developments. “A few years ago, we adopt-



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ed legislation that broadened the uses for the Platinum Mile campuses to reverse the negative trend. It has worked out well for us," says White Plains mayor Tom Roach. "Now, White Plains has both a downtown office community and the campus-style [offices], as well." The city's new property-use rules aren't just for new developments, either. "They helped us retain a longtime employer and great community partner in the city, Combe, Inc.," Roach says, "because they were able to relocate their lab facility there."

"We're lucky the leaders of Harrison and White Plains were astute enough to know their towns would die if the office parks were left to sit there," Gordon remarks. "What we see now is the fruit of their open minds to the evolution of the business environment."

From sow's ear to silk purse

The second major trend reshaping the Platinum Mile can be characterized by the

saga of General Foods. The purveyor of Jell-O and Kool-Aid (among hundreds of other brands) relocated its headquarters from Manhattan to what is now 333 Westchester Avenue in White Plains in 1954, marking the beginning of a corporate exodus from NYC that would make Westchester more than just a place where commuters slept. When completed, the General Foods headquarters sprawled across four buildings with 600,000 square feet. (To put the move into historical context, the Tappan Zee Bridge was completed in 1955 and construction of the Cross-Westchester Expressway, the forerunner of I-287, began in 1956.)

In 1983, General Foods moved its headquarters staff to the other end of the Platinum Mile, 800 Westchester Avenue in Rye Brook, to an aluminum-clad building variously described as an Aztec temple or the Starship Enterprise. Two years later, however, the entire company was acquired by Philip Morris (later Altria), which merged it into Kraft Foods in 1995 and ultimately

emptied both buildings as the last employees were moved to other locations in a series of moves through 2004.

The original General Foods site in White Plains was purchased in 1998 for \$25 million by Cohen Brothers Realty Corporation, which invested another \$90 million to update the four buildings. The property struggled a bit during the 2008 economic downturn but recovered nicely. It's known today for colorful towers designed by architect Philip Johnson to differentiate each building; it also boasts a sprawling 1,700-car parking lot. Tenants include Amalgamated Life, Alicare, and the American Booksellers Association.

The company's second building, in Rye Brook, went on the market to little acclaim and even less interest among real estate investors after Altria moved out. Developer Robert Weisz, who started buying buildings in New Jersey in 1978, took a \$40 million plunge on it in 2004. "This is probably the most recognizable building in Westchester County, but nobody in the real estate industry was interested in buying it," says Weisz, whose commercial real estate development firm, RPW Group, is now headquartered in the building.

Weisz's revolutionary idea, to turn a single-tenant building into one for multiple tenants, came to be recognized as a significant strategy in the redevelopment of the Platinum Mile. "We created an environment where even very small companies, with maybe five or 10 employees, could have the same infrastructure as a Fortune 500 company," he explains. "They have access to a conference center, an auditorium, a bank branch, a beauty parlor, a fitness center, and so on. This was different in the market at the time."

Weisz took that same concept to 1133 Westchester Avenue in White Plains, where he transformed what was once an IBM campus into a multi-tenant mecca housing one of the county's largest law firms,

Wilson Elser, the Hospital for Special Surgery, and Gannett's *The Journal News* among others.

The Medical Mile emerges

The third trend fueling the Platinum Mile's renaissance is the sea change occurring in the healthcare industry in the last few years. The history of Westmed Medical Group effectively intertwines with the Platinum Mile. Founded with 15 physicians in 1996, Westmed has corporate offices at 2700 Westchester Avenue and opened its first urgent-care center in 2005, on the western end of the Platinum Mile, at 210 Westchester Avenue. Other health-industry tenants found the then-low rents and available space in the area attractive, and by the end of the intervening decade, some headline writers dubbed the area the Medical Mile.

In 2015, Westmed became the sole tenant of the first newly constructed office building on the I-287 corridor in 25 years, 3030 Westchester Avenue, at the eastern end. "The Platinum Mile over the last 10 years has really been repositioned from a purely corporate corridor to other uses, including medical," observes Guy Leibler, president of Simone Healthcare Development, owners of 3030 Westchester Avenue. "It reflects the fact that medical care has changed to become more ambulatory rather than hospital-delivered."

Three existing office buildings on the campus with 3030 Westchester Avenue — known as Purchase Professional Park — received major renovations during the construction phase. The four buildings, mostly occupied by medical industry tenants, total 220,000 square feet. "We have plans — already approved by the town — for a 45,000-square-



foot fifth building in Purchase Professional Park," Leibler explains. "We're big believers in mixed use and are delighted that the leaders of Harrison are saying it's a new era and that we don't have to segregate uses the way it used to be done. It's rather thrilling."

Memorial Sloan Kettering Cancer Center, following an industry trend to serve patients near where they live, opened a 114,000 sq. ft. facility at 500 Westchester Avenue in West Harrison in late 2014. The site houses not only a staff of 260 but an array of the latest technology, including CT simulators, linear accelerators, PET/CT, MRI, and interventional radiology.

Across I-287 in White Plains, the Hospital for Special Surgery last year opened a 50,000 sq. ft. outpatient facility in Weisz's building at 1133 Westchester Avenue. The impetus was the same as Memorial Sloan Kettering's: to bring treatment closer to patients' homes.

Another office park now com-



3030 Westchester Avenue in Purchase is fully leased to Westmed Medical Group.



"We created an environment where even very small companies, with maybe five or 10 employees, could have the same infrastructure as a Fortune 500 company."

— Robert Weisz, CEO, RPW Group

2005



Westmed Medical Group opens an urgent-care center at 210 Westchester Ave

2008

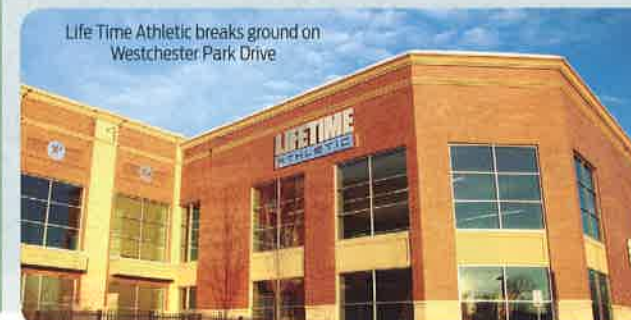


Fordham opens a Westchester Campus at 400 Westchester Ave

2009

Normandy Partners enters the market as the largest Platinum Mile property owner and establishes "The Exchange"

2012



Life Time Athletic breaks ground on Westchester Park Drive

2012

Starwood Hotels moves from the Platinum Mile to Stamford, CT



Harrison adopts Master Plan

2013

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pletely dedicated to medical use is the Westchester Medical Campus at 220-230 and 244 Westchester Avenue in White Plains. Owned by Healthcare Trust of America, the older buildings are undergoing renovation and may be joined by a fifth building as part of the owner's strategy to invest in outpatient-care facilities. Work begins soon on an internal road to connect the two sites.

Healthcare is a growth industry in America, which bodes well for occupancy rates on the Platinum Mile. There are other advantages, as well, according to Marsha Gordon. "Healthcare provides excellent jobs with career ladders in the service industries and creates a different dynamic on the weekends and evening hours so that not all the traffic is nine-to-five."

Today and tomorrow

The convergence of these three trends — a new attitude toward land use by the municipalities, repurposing single-tenant buildings to accommodate multiple-tenant needs, and growing demand from the healthcare industry — propelled substantial growth. The I-287 East corridor, which consists largely of properties on the Platinum Mile, has one of the highest occupancy rates of any of the Westchester submarkets, according to commercial real estate firm Jones Lang LaSalle. The area, with 6.6 million square feet of commercial space, has only 15% of it available for new tenants — down tremendously from the 30% vacancy rate just a few years earlier. (Overall, Westchester's office market has a 24% vacancy rate.) Asking rents are up to slightly more than \$28 per square foot, also the highest in the county.

"The market is much better over the last 18 months, due in part to the removal of some inventory with the repurposing and demolition of several buildings, which raises occupancy and lease rates," says Michael Rao, partner in New York Commercial Realty Group. "The Platinum Mile is in the beginning stages of what it's going to become."

McCullough is also very optimistic. "When you look back at the last couple of years, there's a real sense of momentum," he says. "I have counted nine buildings that have either been torn down or are going to be torn down by the end of this year, and there are more to come. There are still sites for redevelopment and repurposing on both sides. It's not done yet."

Sites to keep an eye on include the three remaining buildings on Corporate Park Drive. In 2012, Ossining biomed



Wegmans will open its first Westchester location on the Platinum Mile in West Harrison.



Harrison mayor Ron Belmont (inset, second from right) paved the way for Life Time Athletic to open on Corporate Park Drive in West Harrison.



"The rest of the corridor is still there, and we are aware that changes may be necessary. The framework is there. It will take time, but the future is bright."

—Ron Belmont, Mayor of Harrison

firm HistoGenetics purchased 100, 102, and 104 Corporate Park Drive in two transactions totaling \$19 million. The new owner announced plans to develop a research facility there but hasn't acted yet. With the Toll Brothers residential community and Wegmans retail development going in across the street, it remains to be seen what HistoGenetics will actually do with the properties.

At least one of three office buildings on Westchester Park Drive near Life Time are in a state of flux, too. Heritage Realty Services LLC purchased 2, 3, and 4 Westchester Park Drive in 2005 and extensively refurbished them before running into some financial difficulties. The company restructured 2 and 4 but lost ownership of 3 Westchester Park Drive in 2017. That 160,000 sq. ft. property was sold through a unique online auction that attracted more than 100 bidders in December 2017, and its ultimate fate was not final at press time.

Harrison and White Plains are ready for the next phase. Reflecting on the revolutionary transformation that's occurred so far, Ron Belmont says, "The rest of the corridor is still there, and we are aware that changes may be necessary. The framework is there. It will take time, but the future is bright." ●

Dave Donelson has lived in West Harrison long enough to see the Platinum Mile flourish and flounder and flower again.

<p>2014</p> <p>Memorial Sloan Kettering opens cancer center at 500 Westchester Ave</p>	<p>2014</p> <p>HTA creates Westchester Medical Campus at 220-244 Westchester Ave</p>	<p>2015</p> <p>Simone Development completes 3030 Westchester Ave, the first new office building constructed on the Platinum Mile in 25 years</p>	<p>2015</p> <p>Onyx Enterprises acquires 1111 Westchester Ave, now home to PepsiCo beverage operations</p>	<p>2017</p> <p>Toll Brothers breaks ground on Corporate Park Drive residential project</p>	<p>2017</p> <p>Hospital for Special Surgery opens outpatient facility at 1133 Westchester Ave</p>	<p>2018</p> <p>Wegmans closes on a deal to buy three office buildings on Corporate Park Drive, where it will build a supermarket</p>
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