

## **THE ANATOMY OF A DEAL NINE WEST**

Nine West Group Inc. wanted to engage an exclusive agent to represent them in their expansion efforts. We were introduced to Nine West by an attorney, whom we had worked with on many deals and who knew first hand that we were competent to handle a multifaceted major transaction with the best possible results for the client.

We met with the top executives at Nine West and discussed our background with them as well as their requirements as to location, space, costs, etc. We were competing with eight other real estate firms including all of the major national companies. Our immediate understanding of the nature of Nine West's business and their special requirements along with our comprehensive real estate expertise won us the assignment. We became their exclusive broker.

Our first step was to meet with the heads of all departments to analyze their personnel requirements and to get a feeling for their long term growth projections. We also discussed with each department head how their department related to others so we could understand who needed to be next to whom.

Once we had a reasonably good understanding of the totality of the requirement and the expansion probabilities we had a feeling for the minimum amount of space that would be required.

Although Nine West wanted to remain in Stamford, they were forced to at least consider other nearby towns and cities because of the size of their requirement, approximately 400,000 square feet. Along with Nine West personnel, we studied their demographics so we could see just how far from Stamford they could go.

We then started to put together possible locations in Fairfield County, both existing buildings and development sites. Due to the magnitude of the requirement, there were very few locations that could be considered. As a matter of fact, including a site in Norwalk which was determined to be the furthest east the company would go, the total number of suitable existing buildings or development sites was less than ten.

One of the key requirements for Nine West was that the per foot rental not exceed \$30 on a gross basis. We very quickly learned that none of the three development sites in Stamford could be developed and delivered at that number. Therefore these sites had to be ruled out.

We were able to organize a deal for the Norwalk property where a building of 600,000 square feet could be constructed with Nine West initially occupying 400,000 square feet. That deal could have been brought in at \$25/sf but Nine West determined that its image would suffer by relocating to Norwalk, so Norwalk was ruled out.

Three existing buildings in Stamford including Nine West's own building, which theoretically could be expanded, all were rejected: Nine West on Broad Street because of its location and the

problems it would take to expand the site, Harbor Plaza because of its location, and Stamford Plaza because it did not have enough space fast enough.

So, we were now at an impasse. We had a tenant, we had a requirement and we had no place to put them. And we had used up over six months of our time (almost full time) with nothing to show for it. We had to find a way out of the impasse and that was to convince Nine West, who originally moved from Manhattan to Stamford, to consider moving back to New York State, in this case Westchester County. In Westchester the possibility existed for leasing existing buildings or having a new one built at a more reasonable cost.

The company's first choice was a major development in Valhalla, which had the type of existing buildings and land which they thought would be terrific. However, the demographics did not work and they were also concerned about the time it would take for occupancy, approximately two years.

They finally agreed to lease the former NYNEX headquarters on Westchester Avenue in White Plains prominently visible from I-287. The economics worked and the building was available immediately. The only compromise was that if expansion was required, it would have to be obtained at an off site location.

Nine West leased 370,000 square feet for twenty five years.

**We see what others don't. Can we help you?**