



32

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Diamond tower war brewing

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REALTY CHECK

MOST every week, there's "news" about Extell's International Gem Tower on West 47th Street.

Most recently, the project has been approved as a Foreign Trade Zone by the US Dept. of Commerce, which will allow companies based there to enjoy deferred, reduced or eliminated customs duty on imported goods.

But the news many architectural buffs really want — that the crystalline, 34-story tower is soaring skyward — is on hold until hopefully soon after Jan. 1, when Extell says it will "go vertical."

Meanwhile, an address with a much lower media profile, 580 Fifth Ave. at the 47th Street corner, persists in its belief that it's the center of the global diamond trade.

It might seem like a mismatch: a 1920s-vintage rental property owned by a local partnership, versus powerful Extell's ultra-sophisticated 47th Street tower between Fifth and Sixth avenues that's being marketed as condos.

But 580 Fifth's 400,000 square feet are 95 percent leased, while the Gem Tower's 750,000 square

feet remain frozen at sidewalk level.

In its condo filing with the state attorney general in January 2009, Extell said its tower would be "substantially complete" by October 2010.

And 580 Fifth, also 34 stories tall, carries the trademarked name World Diamond Tower. "Anywhere in the world, if you're in the industry, you just say '580' — they know it's the diamond tower," said **Ken Kahn**, a partner-owner who is also one of the building's executive managers.

Tenants include the Diamond Club trading bourse and prominent dealer Julius Klein.

Asking rents are "in the \$50s a square foot," said Kahn, who adds with a chuckle, "I can't tell you that's what you sign leases for."

Kahn's sense of humor comes in handy. Some of his major tenants have signed contracts with Extell chief **Gary Barnett** to move to the Gem Tower.

Among them: the Gemological Institute of America, which has a contract to buy a full floor.

"Six of their buyers with letters of intent are from our building," Kahn acknowledged. What happens when the Gem Tower finally opens? He

shook his head. "We'll just have to re-rent," he said confidently.

His building is unlike most others in the district. Neither weather-beaten outside nor run-down inside, its \$50 million in recent capital improvements include new elevators, new floors of Brazilian marble, and, next year, a marquee entrance. Its retail space is fully leased.

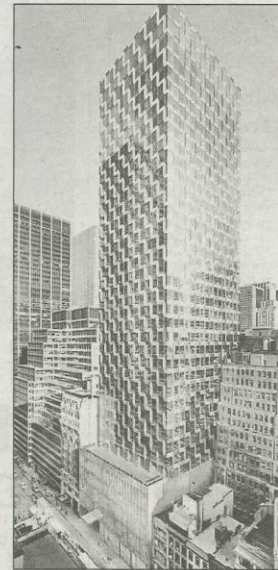
It makes no claim to matching the Gem Tower's 21st Century allure. But Kahn said the "virtual diamond city" of 580 Fifth is ideal for his tenants.

Diamond buyers, stone cutters, wholesalers, security firms and shippers all rely on one another's services — "everything from receiving rough stones out of the mines to manufacturing jewelry that will be sold to Tiffany," he said. A basement vault is guarded by a 22-ton door.

Kahn boasts a close relationship with tenants — such as creating a central diamond-cutting shop for use by the whole building.

Kahn not surprisingly is skeptical about the Gem Tower's promise of luring diamond companies from all

over the world, which was partly the basis for tax abatements the project received (and which Kahn opposed in city hearings).



OLD & NEW: The current World Diamond Tower (left) at 580 Fifth Ave., which was built in the 1920s, spent \$50 million on capital improvements as it waits for Extell's International Gem Tower (right) to open.

Caitlin Thorne Hershey; rendering of Gem Tower

"Gary's application to the city was based on adding thousands of jobs. It's not going to happen," he predicted. "They're not

bringing jobs in from China and India."

In fact, Extell's commitments for nearly 200,000 square feet include a few

foreign firms, including two from India. It's going

to be an interesting year ahead on the diamond block. scuzzo@nypost.com



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