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Q&A with Irwin Cohen: Learning From Chelsea Market's Success

In the Center's latest Q&A with NYC's leading economic development experts, CUF director Jonathan Bowles speaks with Chelsea Market developer Irwin Cohen about the role of food markets in economic development, the planned High Line development and the future of the Bronx Terminal Market.

by Jonathan Bowles

Few neighborhoods in New York have seen as dramatic a turnaround as the Western edge of Chelsea, with formerly bleak Tenth Avenue now attracting high-end condo development and restaurants being opened by A-list chefs like Mario Batali and Masaharu Morimoto. One of the earliest catalysts for the neighborhood's growth was the 1997 opening of Chelsea Market, a block-long former Nabisco factory that Irwin Cohen redeveloped into a wholesale and retail center for an eclectic group of New York food manufacturers. The Center recently spoke with Cohen to get his thoughts about Chelsea Market's success, the planned High Line development in Chelsea, the future of manufacturing in New York and whether the food vendors being displaced at the Bronx Terminal Market might provide the right foundation for another market-style development in that borough.

CUF: With the Chelsea Market, you proved that food manufacturing businesses can anchor a successful development. Could something similar be done with the food vendors at the Bronx Terminal Market?

IC: When I met the people from the Bronx Terminal Market, it got me very excited. Because the Bronx Terminal Market really is New York City. In New York, you can find a concentration of uses and if you get that concentration together you draw the public. That's the beauty of a market.

CUF: So, you think it's important for the vendors to remain together?

IC: Yes. These people at the Bronx Terminal Market should not be separated. New York City is one of the few cities in the entire United States that has such a huge number of similar businesses. Where else can you have a section called Madison Avenue with advertising agencies? Where else do you have a theater district? These are markets. The Bronx is a terrific place for this market. The fact that these wholesalers want to stay in the Bronx is the most exciting part of the whole plan, because everyone else wants to be in Manhattan. But if they're willing to work in the Bronx, you can combine them with other

uses to spur development there.

CUF: Should the city have tried to keep the vendors where they are?

IC: The evolution of the Bronx has made this a very valuable site, and there's nothing wrong with these wholesalers moving someplace else where that would become a very valuable space. The Bronx Terminal Market, by having the central core of food manufacturers and distributors, can start a whole new community. And then you just bring in other allied businesses and you develop an intense area where people have to come to shop.

CUF: Is this why the Chelsea Market has worked so well?

IC: Think about the Chelsea Market. Nobody has to come here. It's on the periphery of the neighborhood. It's only one block from the Hudson River. The next thing you see is New Jersey. But why do people come here? Because we have a concentration of vendors. Every company is family owned. There are no chains. If you want to get that special birthday cake that Ruthie's Cheesecake sells, you can't get it anywhere in New York except here, because this is where it's made. And if you want Amy's Bread as it's coming out of the oven, this is the only place to get it. You're not going to get Amy's bread from Gristedes. That's why people come here. The concentration of each of our tenants doing something very special says to the public that this is the place to get the best food in Manhattan. Markets work.

CUF: And most of your tenants are manufacturing companies?

IC: Every one of our food suppliers is a manufacturer, starting with the flowers. They sell flowers at wholesale, but they're making flower arrangements for parties and events and for corporations. Ruthie's Cheesecakes sells their cheesecakes by mail, but she produces her cheesecakes for sale by the public and for mail order. Fat Witch Brownie manufacturers brownies and they're shipped all over the United States.

CUF: Has Chelsea Market played a role in the neighborhood's growth?

IC: It did change the neighborhood. When I came here, the history of the building: there were three murders in the basement. You couldn't walk here. It was controlled by prostitutes 24 hours a day. I looked at it, and I said that my goal was to have an 8-year old child come here by public transportation, shop and go home and his or her parents would feel safe. And that's how it worked out.

CUF: One of the many things happening in Chelsea is the redevelopment of the High Line railway into a public park. The High Line abuts your property. Do you think it's going to be a good thing for the neighborhood?

IC: It doesn't abut, it goes through our property. And it took away a very valuable piece of our property. But so what. While it did take away very important income from the [Chelsea Market] property, there's much more to this city than just having income on a piece of property. This is going to bring people to the West Side. It's going to open development of housing in the neighborhood. It's going to be an attraction. You're going to see changes in this part of the city that will be absolutely phenomenal. I'm in favor of it and I'm working very closely with the Friends of the High Line. We're going to provide an entrance to the High Line right into the market.

CUF: Over the past year, there's been a lot of focus on large-scale projects like the proposed West Side stadium for the Jets. But a lot of the positive changes already happening in Chelsea seem to be the result of small-scale, organic growth.

IC: These small, organic groups are really helping the city develop into great uses. We have the market people here, and then people open restaurants, and then some forward looking people saw this rail line, and instead of taking it down they said let's develop it. These were just little seeds. And the small businesses came to this building. And to the buildings surrounding this one we suddenly have, with the help of the [Bloomberg] administration, made this into an area where residential will be

developed. And as a result of the West Chelsea Redevelopment Zone, we're going to have some of the most fantastic house designs in the whole world along Tenth Avenue. Who ever thought this could happen?

CUF: You believe the Bloomberg administration has been supportive of some of these small-scale projects?

IC: There have been administrations that only look to the very large developments, the sexy developments. But this is a business administration. They say "what can we do to spur business." The West Side is a very good example. Instead of saying, "no we're not interested in the High Line, and let's take it down so that the 20 or 30 or 40 owners that abut the high-line don't get upset," this administration and the mayor supported the idea that the Friends of the High Line had. They said "let's go ahead with the high line and let's keep these property owners that abut the high line from using their property the way they want and let's come up with a good, creative way that will help the entire city." And that's what's happening. It would be very easy to take the High Line down, which I would have been happy with. I would have leased out 12,000 square feet of space and collected a lot of rent. But just think about what's happening. And it's this administration that's spurred development. And it's not being done with government money.

CUF: In addition to Chelsea Market, you've developed buildings in Long Island City for jewelry-making firms and other light manufacturers. Can manufacturing still succeed in New York?

IC: Absolutely. Where else do you have a diversity of people that we have in New York City where there's any kind of labor you need?

CUF: Yet, so few people are developing this kind of space. Why aren't other developers seeing the potential here?

IC: I don't belong to a country club. And I don't play golf and I don't play tennis. But I have friends who belong to country clubs. And when they hang around with their buddies, they like to talk about these great developments in Manhattan, and the apartment house they just built. They like to talk about sexy deals. That's what gets other people excited. But there is excitement in manufacturing. There's a lot of manufacturing that can be in New York. Food works, just because the amount of food that's consumed in New York is so great.

CUF: How do you get more developers interested in this kind of thing?

IC: I'm not interested in any other developers doing it. I can do it. Generally, developers look for rated tenants. Someone buys a piece of property. If you get Walmart as your tenant, or a good food chain, you'll be able to get a mortgage and you'll have a good investment. My investment partners have had the courage to say to me: "Irwin, take a piece of property and develop it, and see what the best use for that property. We'll figure out how to finance it later on." That's why I've been able to do it. Other people immediately look at the property and ask "can we get a nationally-rated tenant in the space?"

CUF: I always hear that there's a shortage of manufacturing space all over the city. Doesn't this make it difficult to develop these types of buildings?

IC: Yes. But so what. You can always figure something out. I think that space does exist. I've driven around the Bronx for hours. It has lots of room. Staten Island has lots of room. There's room left in Brooklyn. There's plenty of space available in New York, just sitting there. For instance, the largest ground area of one building in NYC is the Kingsbridge armory. I don't know what's being done with it. Here's a beautiful building that the federal government has put into mothballs. It could be developed.

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