

What's Old Is New: Old Navy Signs 18,500-SF Deal at East 86th Street Development

BY LAUREN ELKIES SCHRAM OCTOBER 19, 2017 6:42 PM



RENDERING OF 147 EAST 86TH STREET. IMAGE: CERUZZI PROPERTIES

Old Navy is heading to the base of an upcoming 18-story condominium on East 86th Street and Lexington Avenue, Commercial Observer has learned, its first Upper East Side location.

The lower-priced clothing brand of **Gap Inc.** has signed a 15-year lease for 18,500 square feet on the ground and second floors (5,600 square feet of it at grade) at **147 East 86th**

Street, developers **Ceruzzi Properties** and **Kuafu Properties** announced. The developers declined to provide the asking rent.

The news comes a month after Gap Inc. announced that it would focus more on its Old Navy and **Athleta** brands. Over the next three years the company plans to shutter 200 Gap and **Banana Republic** locations, while **adding 270 Old Navy and Athleta shops**, as CO previously reported.

The East 86th Street Old Navy will be part of a \$415 million 229,751-square-foot development, which will include 61 condominium units and 30,000 square feet of retail space. Residential amenities including a resident lounge, a children’s playroom, a teen room, a fitness center and a rooftop terrace.

Demolition for the project—which includes widening the sidewalk along East 86th Street in front of the property—is slated to commence within the next couple of weeks with completion set for early 2019.

“We are very pleased to have achieved this major milestone, and look forward to the commencement of new building construction,” Ceruzzi Managing Director **Art Hooper** said in a prepared statement. (Hooper is quoted since company head Louis Ceruzzi **died suddenly** in August.)

Ripco Real Estate’s Andrew Mandell, who represented the owners in the deal, said: “Old Navy recognized that the corner of 86th Street and Lexington Avenue is the epicenter of the regional market that exists on the Upper East Side. It’s also the densest from a population standpoint on Manhattan.”

Site acquisition started on Dec. 23, 2013 when the developers got a \$33.1 million 99-year ground-lease from the heirs of Sol Goldman at 147 East 86th Street, as CO previously reported. The group then bought 151 East 86th Street from **Town Sports International Holdings**, the owner and operator of gym chain **New York Sports Clubs**,

for \$85.5 million on Sept. 12, 2014, property records show. That deal included New York Sports Clubs returning to the building at 151 East 86th Street, but the developers later bought out Town Sports. In March 2015 the developers purchased 19,315 square feet of development rights from **1283-1291 Lexington Avenue** for \$12.4 million plus 6,535 square feet of footprint rights for \$1.6 million.

This April, Ceruzzi and Kuafu secured a [\\$290 million construction loan](#) from **The Children's Investment Fund** for the project, as CO reported at the time.

RKF's Ariel Schuster and **Justin Fantasia** worked on behalf of the tenant. Schuster declined to comment on the deal.