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More Swag For Swig

SWIG WANTS A BIGGER PIECE OF LOWER MANHATTAN

Kent Swig, president of Swig Equities, is looking at several new ground-up development projects in New York's financial district to complement the residential tower he is building at 45 Broad Street. He continues to be bullish on areas, which he refers to as the FiDi.



Kent Swig

Existing office properties, however, are becoming pricey in a market that is increasingly

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SWIG SEES

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considered a core investment. For example, Swig was very interested in buying 32 Old Slip but Beacon Capital's preemptive bid of \$750 million was a shut out.



25 Broad Street

Starting with Hanover Square in March of 2003, Swig went on a buying spree, acquiring 44 Wall Street, 80 Broad Street, 110 William, 25 Broad, 90 Broad, 45 Broad and 48 Wall, which has recently been entirely leased up. Despite the changing view of the market, Swig said he had no plans to sell to investors more interested in core properties and noted that he has refinanced the

portfolio within the past 18 months.

There is an extreme differential between downtown and midtown office rents. "It's the highest discrepancy in New York City history," Swig said, adding that he doesn't understand how a private company, unless it had very specific site needs, can justify the additional costs. For example, a law firm could save \$1 million

per year per partner in overhead costs by relocating, given the current rent differentials. "That would change my life," he said.

Swig also said he believes, in theory, that retail rents in the Financial District could reach levels comparable to the \$1,500 per square foot seen on Madison Avenue given the high incomes of residents. The daytime per capita income in Lower Manhattan is the highest in the nation, and that the nighttime per capita income, likewise, was one of the highest in the country, according to a study the company commissioned (REFI, 7/2). There also are more tourists on Broadway and Wall Street than anywhere else in the city, except Times Square.

—William Sprouse