

# CHELSEA MARKET

NEW YORK, NEW YORK

*An original “next-generation urban market” continues to evolve and inspire*

## LESSONS

- Food halls can drive value within commercial and mixed-use developments, but developers must create strong partnerships with local chefs and food providers if they wish to create a truly unique, authentic, food destination.
- Developers of food halls may need to take risks by investing in innovative chefs and food producers who may lack proven credit histories; these investments may feature unconventional agreements to create financially feasible deals that work for both parties.
- By forming close relationships with food providers and retail tenants, a developer can influence environmental sustainability outcomes by creating campaigns on issues, such as composting and waste reduction.

## QUICK FACTS

**Location**  
75 Ninth Avenue, New York, NY 10011

**Project type**  
Food hall/mixed use

**Owner**  
Jamestown Properties

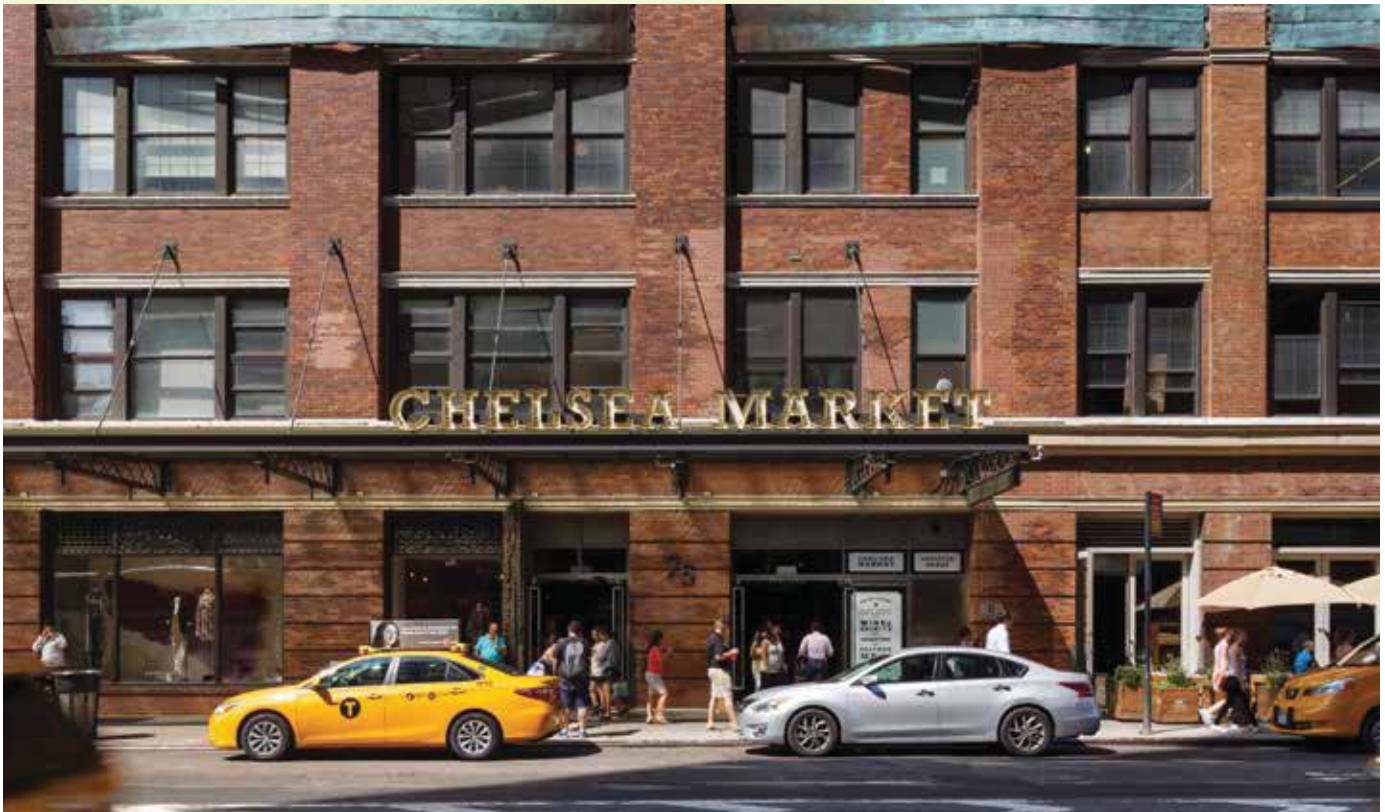
**Project cost**  
Undisclosed

**Project size**  
1.2 million square feet (111,484 sq m), with plans for expansion

**Project status**  
Opened in 1997; food hall and office expansion ongoing

**Financing**  
Undisclosed

**Equity partner**  
Undisclosed



*Above: Chelsea Market sees more than 9 million visitors per year on average. (Chelsea Market)*

*Next page: Strong partnerships among Chelsea Market’s owner, Jamestown Properties, and local chefs and food providers have led to the market’s unique mix of vendors. (Chelsea Market)*

**CHELSEA MARKET** is one of the most recognizable indoor food halls in the world. Located on the border of Manhattan's West Chelsea and Meatpacking districts, it includes restaurants, food stalls, and shops below office space and television production facilities.

Owned by Jamestown Properties since 1997, Chelsea Market currently includes over 1.2 million square feet (111,484 sq m) of space, with 40,500 square feet (3,763 sq m) devoted to food provision. The food hall includes more than 55 vendors and sees an average of over 9 million visitors per year (approximately 28,000–35,000 daily). The overall development incorporates 17 historic buildings, including a former Nabisco factory complex. All office traffic enters through the market, further adding to the vibrancy of the space.

## Features and Innovations

- **A wide variety of locally prepared food:** Food stands offer a variety of meals prepared by local chefs. Jamestown works to identify innovative concepts and coordinates directly with local providers to create financially feasible deals that work for both parties.
- **Raw food providers:** Chelsea Market includes a butcher and sellers of fresh produce. Jamestown believes that a successful food hall must allow people to buy ingredients they can use to prepare meals at home.
- **Financial contributions to grow the field of local food producers and chefs:** Jamestown supports a food-worker training program and business incubator space in Long Island City, New York, partially funds a three-year nutritional program at two area schools, and contributes \$100,000 annually to the James Beard Foundation.

## Creating Value: People, Planet, Profit

Although Chelsea Market was one of the original pioneers in the “next-generation food hall” movement, the project continues to grow and innovate. Jamestown recently announced plans to invest \$35 million to \$50 million in doubling the size of the food and retail portion of Chelsea Market by expanding into the basement level of the building. It also plans to add 300,000 square feet (27,871 sq m) of office space on top of the market.

Michael Phillips, president of Jamestown, explains that a reciprocal relationship exists between the food hall and other parts of Chelsea Market, stating, “Food halls are very profitable, but are management intensive, and it’s best to have other sources of revenue, such as office, residential, or other retail.” The market is an attractive amenity for the major office tenants above, many of which have a significant number of millennial employees, such as Google.

The continued success of Chelsea Market is in large part due to Jamestown’s commitment to identifying and forming



*“The right catalyst in food or retail will drive your rental rate. Food placemaking at Jamestown requires a robust team and a high touch from us. It’s a people business, and you have to take time to build to make it grow.”*

Michael Phillips, President, Jamestown Properties

partnerships with high-quality local chefs and food producers. Jamestown has directly funded construction of kitchen spaces and made adjustments to food vendor rent payments for tenants Jamestown feels have a strong chance of success.

Jamestown has also used its strong relationships with building tenants to achieve environmental goals. A company education campaign on reducing organic waste has led to a dramatic increase in the number of restaurants and food retailers participating in composting. As a result, an estimated 1,033 tons (937 metric tons) of waste from the market have been diverted from landfills as of 2014, equivalent to avoiding a net release of 205 tons (186 metric tons) of carbon dioxide into the atmosphere—the same as consuming 433 barrels of oil.

Phillips notes that food-related projects are especially important to Jamestown, stating: “We don’t do anything in our lives without food. Food is the lubricant that makes the world go round. We eat three times a day and celebrate life’s moments with food. Whether creating a mixed-use, office, or retail development, Jamestown strives to provide places for people to gather around food in a financially sound way.”

In part because of its success with Chelsea Market, Jamestown has continued to invest in other projects that incorporate food halls, including Ponce City Market in Atlanta and Industry City in Brooklyn.