

Lower East Side Is Under a Groove



Joe Fornabaio for The New York Times

Sion Misrahi has revamped the Lower East Side, helping to transform old storefronts around Orchard Street into trendy businesses, but not everyone is impressed with the changes.

By ALLEN SALKIN
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FOR decades, there was a discount men's suit shop at 183 Orchard Street.

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Daniel Barry for The New York Times
The Cake Shop.

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Then, in 1995, came Kush, a stuccoed Moroccan-themed bar.

Then the bulldozers.

And now, the 18-story Thompson Lower East Side hotel is rising on the site, with rooms to start at \$395.

That four-part history of one address — from shmattes to hipsters to bulldozers to tourists — is a summary of much of the recent evolution of the Lower East Side. On a Tuesday last month, Sion Misrahi, a real-estate dealmaker who has played a central and often contentious role in that history, stood in front of the hotel construction site and reflected on the moment, a dozen years ago, when he saw the future of the neighborhood.

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Daniel Barry for The New York Times
Orchard restaurant.

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Tuts.

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James Estrin/The New York Times
Sion Misrahi has deep Lower East Side roots but he opposes landmarking.

To that point, Mr. Misrahi, who started his working life as a 14-year-old pants salesman at his father's men's wear shop on Orchard Street, had been hoping to resuscitate the bargain-shopping culture originated by Jewish immigrants by creating a historic district, a sort of old-time theme park with pushcarts.

Instead, he changed course, advertising to fill some 18 vacant storefronts on a one-block stretch of Orchard Street by promoting them to night-life businesses.

"We decided to rent to bars and restaurants who would bring in the hipsters and change the neighborhood," Mr. Misrahi, 57, said.

Since that "aha moment," when the bar Kush became his first night-life tenant, Mr. Misrahi has had a hand in scores of deals that have transformed the area, including the latest wave of hotels, condominium towers and boutiques. He is, in large part, responsible for the hipification (some may say the crassification) of the neighborhood, a district east of SoHo and south of the East Village.

As some of the early bohemian hangouts are being overwhelmed by a decidedly high-heeled and cologned crowd, and others give way to hotels and luxury rentals like the Ludlow, a 23-story brick-and-glass giant that looms over Katz's Delicatessen, Mr. Misrahi finds himself vilified by some longtime Lower East Side watchers (even though the Ludlow, the most visible symbol of gentrification, is one of the few projects he had nothing to do with).

"What Sion and those people should realize is they've let greed run rampant," said David McWater, the chairman of Community Board 3, which is advocating zoning changes to limit building heights and retain the area's historical charm. "There have been no compromises. They let their greed decide rather than a combination of greed and conscience."

Love or hate the new Lower East Side (dubbed "the Lower East Slide" recently by The New York Post and mocked in the current Time Out New York as home to "hipster zombies"), what is not debatable is that Mr. Misrahi's strategy of attracting bars and clubs, then vintage clothing stores and sex boutiques, has worked. By fostering an artsy

culture, fertile ground was created for economic development, even if some of the original bohemian touchstones are gone. Collective Unconscious, a performance space, moved in 2003, shortly after Mr. Misrahi purchased the building.

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The storefront that housed House of Candles, an avant-garde playhouse, is now the Stanton Social, where diners sit on lizard-skin banquettes. And Tonic, a club for live music that opened on Norfolk Street in 1998, closed last month around the time that Blue, a glass condominium tower next door, welcomed residents who paid \$850,000 for one-bedroom apartments.

The demise of Tonic, whose owners explained on its Web site that “we simply can no longer afford the rent and all the other costs associated with doing business on the Lower East Side,” brought out more than 100 protesters.

Rebecca Moore, one of the protesters, said that the “over-bar-ification” and gentrification has created unbearable nighttime noise, and a culture where landlords will use every trick of the housing code to drive out rent-stabilized tenants.

DESPITE the losses of some cultural capital, the perception of the neighborhood as cool by large developers — not often the most cutting edge of folk — is now firmly established.

“Lately there’s been this real activity on the Lower East Side of great little restaurants, a great food scene, a really great bar scene,” said Stephen Brandman, a co-owner of Thompson Hotels, a chain whose flagship is 60 Thompson in SoHo. “It’s the next area for tastemakers to go.”

Those tastemakers will not find that everything funky is gone. A few doors from Mr. Brandman’s hotel is Rockwood Music Hall, a bar where big-name musicians play on a tiny stage. On Ludlow Street, Pianos, which housed an experimental playhouse in the late 1990s, is now a thriving live-music hall and bar. A few doors south are two more popular music-performance spaces, the Living Room and the Cake Shop. Kush, displaced by the bulldozers, has moved to Chrystie Street, near the Box and a block south of a Whole Foods that opened in March.

The developers who have come to cash in on what Mr. Misrahi helped build should be viewed, he said, as saviors. “There are the creators and the nitpickers,” he said. “After they create, the other ones nitpick.”

Mr. Misrahi, whose roots are deep in the neighborhood, walks the streets daily, greeting shop owners he has installed and landlords who have long known him. On Orchard Street a few weeks ago, two young Hasidic men greeted him and gave him cream pastries to celebrate Shavuot before ducking into one of the street’s few remaining fabric stores.

It was 1956 when Mr. Misrahi’s father, Jay Misrahi, moved his pregnant wife and the young Sion from Larissa, Greece, to the neighborhood with the aid of a Jewish charity. Jay Misrahi ran Daniel’s Clothing at 122 Orchard Street, where Sion would work on Sundays. At the age of 26, the younger Mr. Misrahi opened his own shop at 125 Orchard Street, Breakaway Fashions.

But by the late 80s, the growth of national discount stores and the end of blue laws that had left the Lower East Side one of the only places in the city to shop on Sundays were draining customers from the area. Mr. Misrahi was a leader of local businessmen and in 1991, with the help of a development consultant, he formed a Business Improvement District, which proposed rebranding the neighborhood as the Historic Orchard Street

Bargain District.

“What the South Street Seaport has tried to do,” Mr. Misrahi told The New York Times in 1993, “we can do in a grittier, nonantiseptic manner.”

It didn't work. Stores continued to close, including Mr. Misrahi's shop. In 1994, taking a new tack, he opened Misrahi Realty. “I changed,” Mr. Misrahi said, sitting in his office at 88 Rivington Street, the first building he bought, in 1979, using clothing store profits. “Everyone changes.”

Although Mr. Misrahi has had a hand in many deals — as a rental and property broker, and as an arranger of meetings between neighborhood movers and shakers — he does not own any of the new hotel or condominium towers. His neighborhood holdings are limited to eight tenement buildings, most of which he bought for less than \$1 million (and could sell for eight times that). He is not a [Donald Trump](#) of the Lower East Side. But, arguably, his vision and relationships with landlords had more to do with the area's evolution than anyone else.

“He literally gentrified the neighborhood over many years,” said Jason Kim, the managing director of a partnership that owns local buildings. “To do that, he carefully considered every tenant that he arranged with the building owners. Orchard Street had been a conservative shopping area, but now it has become more spicy.”

Two of the businesses Mr. Misrahi persuaded Mr. Kim to take as tenants are Babeland, a sex-toy shop that opened in 1998, and Demask, a purveyor of leather and latex fetish wear, which opened on Orchard Street in 2006. Mr. Misrahi persuaded Mr. Kim to give both boutiques 10 percent discounts on their rent because he thought they would add to the spirit of the neighborhood.

Until the latest surge of building, the most obvious manifestation of Mr. Misrahi's vision was the Hotel on Rivington, the 21-story green-glass tower that opened on the block between Ludlow and Essex in 2004. While Mr. Misrahi is not an owner, he negotiated and collected a commission on the sale of air rights that allowed the hotel to rise 15 stories above nearly everything else within a half-mile radius. He also negotiated the deal with the commercial tenant in the previous building at the address to leave.

Mr. Misrahi has mostly abandoned his earlier vision of widely preserving the neighborhood to which millions of Americans can trace their immigrant roots. But to others, that dream — and not a vision of preserving the historical blip of a hipster Lower East Side — endures. With other neighborhood groups, the Lower East Side Tenement Museum has asked the Landmarks Preservation Commission to establish a large historic district bordered by East Houston, Canal, Allen and Essex Streets.

Without the old buildings, said Ruth Abram, the museum president, “we risk losing conscience about what it is to be a stranger in the land.”

While a gentrification that starts with bohemians and ends with bankers is not uncommon, Simeon Bankoff, the executive director of the Historic Districts Council, said the type of change that is happening on the Lower East Side is unusually reckless. He compared it to the meatpacking district, which has also been transformed into a night-life

and hotel district, but where the shabby beauty of the low-lying buildings and rough cobblestone streets is largely intact.

“I worry about the neighborhood as we know the Lower East Side existing in five years in terms of the physical structure, the feeling of the area, the distinct sense of place you get from walking down the streets, from shopping in the stores,” Mr. Bankoff said. “I’m worried it’s going to become this twisty canyon of gleaming high rises with absolutely no sense of all the generations of New Yorkers who lived in the area.”

MR. MISRAHI opposes the landmarking, arguing that small landlords will not be able to afford to fix their buildings up to historical standards. The two blocks of Orchard Street south of Delancey near the museum, where a section of the street is made of newly installed cobblestone and pickles are sold from barrels streetside, are enough of a Lower East Side theme park to satisfy tourists, he said.

That said, there are some possible disruptions to the cultural landscape even Mr. Misrahi cannot stomach. The same day he visited the Thompson hotel site, he stopped into Katz’s, the beloved 119-year-old purveyor of pastrami, where the owners say they have been listening to buyout offers from condominium developers. Mr. Misrahi does not want Katz’s, which is a one-story structure, to leave.

“The soul of the Lower East Side will be ripped out,” he said.

Standing at the counter, sampling a slice of pastrami, he chatted with a co-owner, Alan Dell, and set up a meeting. Many offers for Katz’s have been received through Misrahi Realty, including one that would keep the restaurant running at street level while building a residential building above, Mr. Misrahi said. The potential buyer might also market a line of Katz’s cold cuts.

After talking to Mr. Dell, Mr. Misrahi slid into a seat at a table, squirted mustard on his sandwich and said he preferred doing business by talking to people face to face.

“I’m sure Trump does the same thing,” he said, shrugging. “Only over foie gras.”

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