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Philip Montgomery for The Wall Street Journal

The Breslin Bar and Dining Room

The opening of a chic hotel followed by trendy dining and retail establishments is sprucing up the landscape in a rapidly gentrifying pocket along West 29th Street between Broadway and Fifth Avenue.



Philip Montgomery for The Wall Street Journal

Stumptown Coffee Roasters

The 12-story Ace Hotel, part of a chain that started in Seattle, opened its doors on West 29th Street in 2009 and resulted in several collaborations to bring in new businesses housed in the hotel or nearby. They include the Michelin-starred Breslin Bar and Dining Room, Stumptown Coffee Roasters, John Dory Oyster Bar, Opening Ceremony boutique, sandwich shop No. 7 Sub and Project No. 8a, an eclectic souvenir shop.

Later this year, Rudy's Barbershop, a West Coast chain with a retro aesthetic, is set to open in the retail space next to the Breslin restaurant.



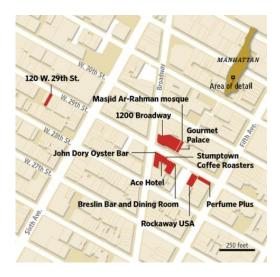
Philip Montgomery for The Wall Street Journal

The Ace Hotel on West 29th Street

But in an area that has been home to knock-off bag stores, jewelry shops and perfumeries, among an assortment of other retail and wholesale businesses, the launch of the Ace Hotel was an unlikely story from the start.

Spotted Pig restaurateur Ken Friedman, who is co-owner of the Breslin, recalls being approached by hotelier Alex Calderwood, head of the Ace chain and co-founder of Rudy's Barbershop, several years ago and asked about opening a restaurant in conjunction with the planned hotel.

Mr. Calderwood said the only "bad news" was that the hotel was on 29th and Broadway. "But he said, 'Mark my words, we are going to change the neighborhood from what it is now to a place that you'll be happy you chose to be there,'" according to Mr. Friedman. Mr. Calderwood confirms the conversation.



The Breslin opened in 2009 and Mr. Friedman launched John Dory Oyster Bar around the corner from the Ace in 2010, following the success of the Breslin.

Mr. Calderwood said that what drew him to the area wasn't just the location—close to the subway and in an area where several buildings are designated city landmarks, but also the unique cultural mix along the pocket on West 29th.

The hotel sits directly across from Masjid Ar-Rahman mosque and Gourmet Palace, a Pakistani and Indian restaurant.



Philip Montgomery for The Wall Street Journal

Perfume Plus, whose owner has relocated twice in the last three years because of rising rents in the neighborhood.

"Our suspicion was that the tourists would find the contrast interesting in that it's seeing a piece of real New York which you don't see that much anymore," said Mr. Calderwood. "A lot of Ace customers are cultural enthusiasts, so they're a bit more open to areas like this."

Area residents say the newcomer businesses have helped bolster the strip. "They've totally cleaned up the seedy element that was there in this corner before," said Jesse Meyer, a sales associate with Bellmarc Realty, who has lived at the Gilsey House, just steps from the Ace, for nearly a decade.

Ms. Meyer said the listed prices of properties for sale as well as those for rent have been steadily climbing for the past few years.

But the combination of the economic downturn and rising rents are squeezing the bottom line for many small businesses in the area, some owners say.

"I used to pay \$12,000 rent for a store and now they want \$18,000, so I moved to smaller space," said Mian Rasheed, owner of Perfume Plus Inc., who has relocated twice in the last three years. "Basically, with all the high-end development here, they want us to leave, and I don't know how long some of us will last."

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\$1,750,00 | 120 W. 29th St.



Philip Montgomery for The Wall Street Journal

Rundown: An 1,800-squarefoot one-bedroom with two bathrooms and a terrace. Agent: Parul Brahmbhatt of CORE Group, 212-612-9646.

\$1,895,000 | 1200 Broadway, 6



Katie Orlinsky for The Wall Street Journal

Rundown: A 2,000-squarefoot, two-bedroom loft in the landmark Gilsey House. Agent: Jesse Meyer of Bellmarc Realty, 646-812-1175.

Others say the shuttering of several stores in the area in recent years has led to a decrease in foot traffic—something many small shops rely on.

"Small guys can't survive here," said Ghulam Jalani, owner of Rockaway USA clothing store on West 29th Street. "Very few people pass by now—it's nothing but a few tourists, and even they go to brand-name stores."

Meanwhile, real-estate people predict the pace of development in the area will continue in the next few years.

"There's only so many new places that are emerging areas in Manhattan and this is one of them because you're in between a number of really strong neighborhoods—Flatiron, Murray Hill, Gramercy Park," said Jason Pruger, an executive managing director at Newmark Knight Frank Retail. "The turnover will happen—it's just a matter of time."

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