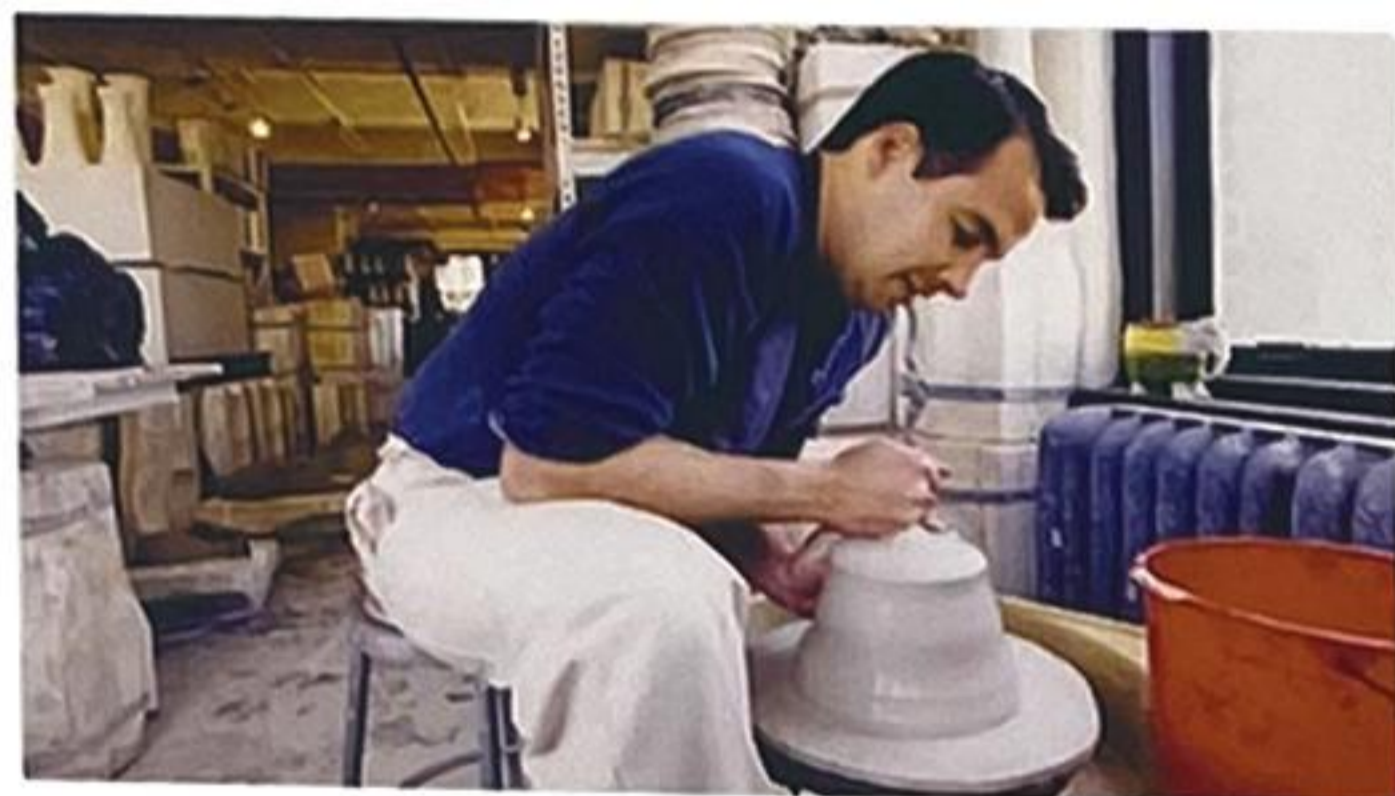
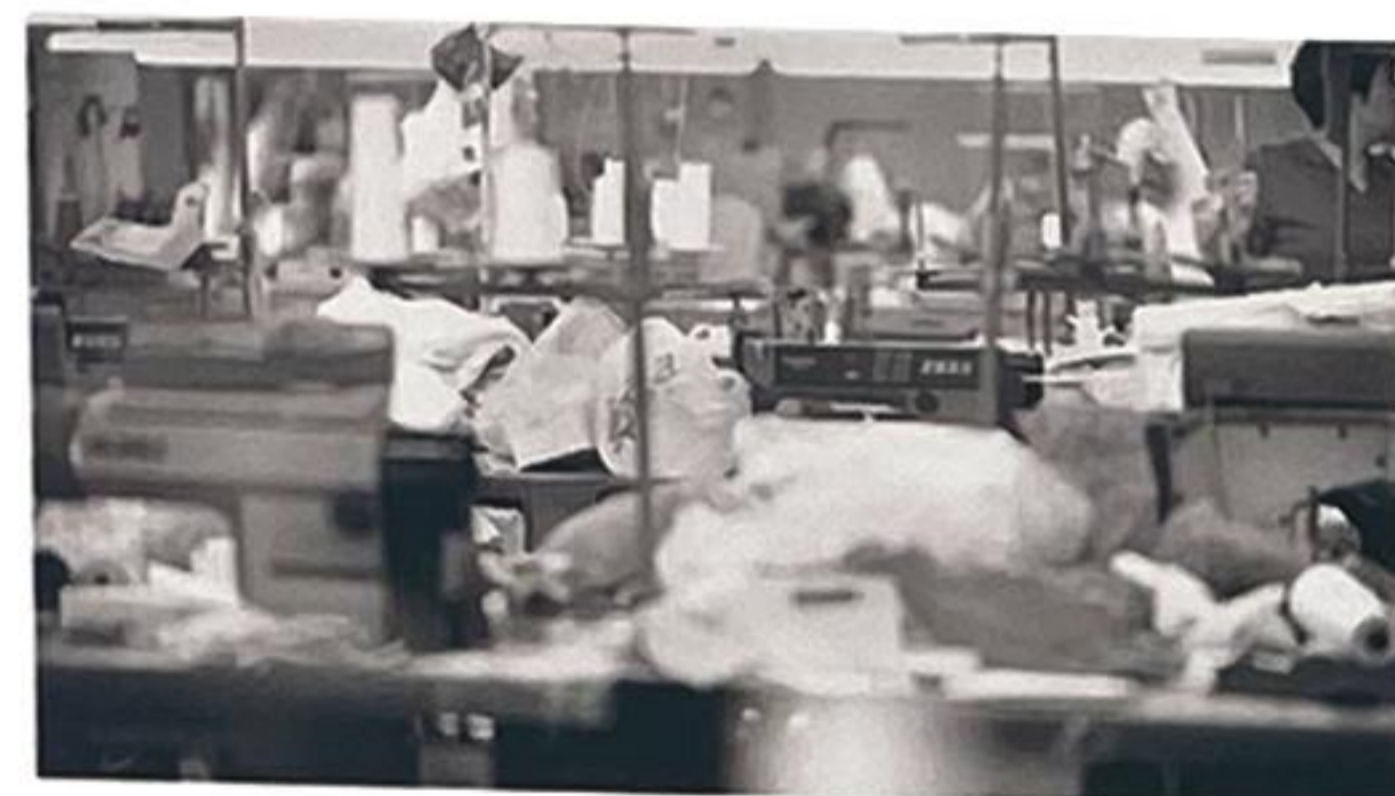


GOTHAM

At This Address, Not Everyone Starts on the Ground Floor



10TH FLOOR Christopher Spitzmiller at a potter's wheel in his studio, where he makes pricey ceramic lamps.



2ND FLOOR Tough times forced Regency Fashion to move down from the sixth to this smaller, cheaper space.



Photographs by Chris Maynard for The New York Times



**UPSTAIRS,
DOWNSTAIRS**
Philippe Ifrah, left, a partner at I.G.S. Realty Company, which owns 336 W. 37th Street, above, steers struggling businesses to lower floors and reserves upper floors for tenants who can pay higher rents.



15TH FLOOR James Brady expanded his catering and events business, opening this party space in the penthouse.



7TH FLOOR Lower down but not out, Moreno Giannaccini, a sculptor, moved here from the 15th-floor penthouse.



GROUND FLOOR Lee Davis, left, and Andrew McTiernan, owners of both the Belt Theater and the Zipper Theater.

By ERIKA KINETZ

ON the second floor of 336 West 37th Street in Manhattan, a sign on the door of Regency Fashion says the minimum wage is \$5.15 an hour. Someone has scribbled a 1 after the dollar sign. Inside, most of the sewing machines are silent. A Chinese deity looks over the factory floor from behind a mound of partly burned incense sticks. Several of the dozen workers have tied strips of red fabric around their noses to block the dust.

"We are very slow this week," said Angela Ng, a worker. She considers herself lucky to have a steady job, 8 to 10 hours a day, five to six days a week.

Eight stories up, sunlight floods the spacious workshop of Christopher Spitzmiller, who makes expensive ceramic lamps. Seated at his potter's wheel, he can see a new luxury residential building nearby, as well as the Jacob K. Javits Convention Center and the Hudson River.

"When I rented it, it was like a fire had gone off in here," Mr. Spitzmiller said of his 2,700-square-foot studio, which had been a rundown manufacturing space. He renovated — no, transformed — the space and installed a kiln. He produces about 60 lamps a month for people like President Bush and Oprah Winfrey.

A 14-story building with a penthouse, on the western edge of the garment district, 336 West 37th Street not only reflects the economic and ethnic variety of New York's small businesses, but is also a barometer of their success. Within this 75-year-old building, the businesses literally rise and fall with the economic winds. Take the elevator up and, floor by floor, the windows let in more light. The paint in the hallways changes from dark gray to silver. Fabric carts give way to chandeliers.

Some companies move up. Some move down. Others disappear. Philippe Ifrah, a partner at I.G.S. Realty

Company, which owns the building, said he had a \$4.5 million mortgage. He shepherds struggling businesses into smaller, cheaper spaces on the lower floors and reserves top-floor vistas for tenants who can pay the higher rents.

In the late 1990's, Regency Fashion, a clothing manufacturer, ceded its space on the sixth floor and now occupies a small space on the second floor. In 2001, Apparel Cutting, also a clothing maker, tumbled from the 11th floor to the 2nd floor.

Another tenant, James Brady, has a catering and event planning company that took over the 11th floor in January 2001; two years later, he opened a party space in the penthouse. "After my cousin died at the World Trade Center — he was a fireman — it took the fear out of me," Mr. Brady said. "Falling is not an option."

Down at Apparel Cutting, failure is very much an option. Tony Hoti, who came to New York from Yugoslavia in 1969, founded the company with his brother, Dominick, in 1985. At its peak in the late 80's, Apparel had 14 full-time employees. Now, it employs two to four temporary workers. "I try to do it myself, really, with family help," Mr. Hoti said. "There is not much left." He said he paid his workers \$12 to \$14 an hour and cannot compete with cheaper labor overseas. "I'm just trying to buy time until I retire. I wish I was a cook."

The garment district, which stretches roughly from Fifth Avenue to Ninth Avenue, between 35th and 40th Streets, has been mostly overlooked by the big corporations that dominate the city's economy. According to the New York State Department of Labor, 90 percent of the city's 214,419 private companies had 19 or fewer employees in September 2002, the latest data that is available. But these small businesses employed only 24 percent of the city's 2.9 million workers.

There have been some successful government initiatives designed to encourage the growth of small businesses in New York City, but mostly these owners have

had to fend for themselves. After nearly three years of a bruising recession and more than two decades of skyrocketing real estate costs, many small businesses have settled in the garment district, which is in Midtown but is cheaper than other commercial parts of Manhattan.

The district was developed in the 20's and 30's to accommodate the booming women's fashion trade, and most buildings are unsuitable for large firms.

"The garment center has older properties built at a time when major corporations weren't the norm in New York City," said Matthew Astrachan, an executive director at Cushman & Wakefield, the real estate company. "Therefore, they have smaller floor plates that aren't as attractive to the larger business owner."

THAT has helped to keep rents low. In the first quarter of this year, the average rent for office space in the district was \$31.27 a square foot, according to Cushman & Wakefield, an amount much lower than the citywide average of \$41.97. (The rents at 336 West 37th Street average \$14 to \$16 a square foot because the building is mainly industrial loft spaces.)

In the mid-90's, Internet companies flocked to the neighborhood. Most have vaporized. Fashion businesses still dominate the area, making up two-thirds of rental tenants, but their presence is waning. From 1989 to 2000, the number of fashion-related jobs in the neighborhood fell 15 percent, according to a study commissioned by the Fashion Center Business Improvement District. Apparel manufacturers were hit especially hard. Meanwhile, photographers, graphic designers, theaters, nonprofit corporations, real estate companies, architects, accountants, insurance companies and small law firms have been moving in. These companies prefer the open factory floors that the district offers.

Mr. Ifrah started managing 336 West 37th Street in the mid-90's. Then, all the tenants were garment manufacturers, he said, who paid an average of \$7 a square

foot for rent. Many of them, decimated by the steady flow of manufacturing jobs overseas, could not pay their rent. The building declared bankruptcy in 1995. By 1999, Mr. Ifrah and his partners refinanced and completed a \$500,000 renovation. "We created a new image," said Mr. Ifrah, a native of Madrid. "From that point on, we started seeing the rents go up."

Now, 16 of the 35 tenants are garment manufacturers. Others include photo studios, a kickboxing gym and the Art Party, a theater company managed by the actor Alan Cumming and Nick Philippou. Two art theaters, the Zipper and the Belt, occupy the ground floor, which once housed a zipper warehouse and a belt factory.

Mr. Ifrah, whose desk is a slab of polished marble propped on two sawhorses, said he gave many of his artistic tenants a break on their rent. Creative tenants lend cachet to the building, he said, and usually renovate their spaces beautifully. They tend not to mind the neighborhood's rough edges.

"I have had people complain, 'I can't bring my Park Avenue clients down here,'" said Mr. Spitzmiller, the lamp maker. But, he added, most of the decorators that he deals with appreciate the district's unruly quality. "Ninth Avenue has soul." Those seeking steel-and-glass towers, or bothered by the presence of a methadone clinic, know to look elsewhere.

Moreno Giannaccini, an Italian-born sculptor, rents space on the seventh floor. Everything except the bottles of grappa and Seagram's Extra Dry gin is splattered with white plaster. "I used to be on the 15th-floor" penthouse, he said. "Now they are the beautiful people."

Over the years, Mr. Giannaccini has traveled the city rooting out studio space that could be one step ahead of gentrification. "He probably is going to tell me in a couple of years: 'You get out. You can't afford it,'" Mr. Giannaccini said, gesturing to Mr. Ifrah.

Mr. Ifrah just shook his head and blushed.