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Developments turn NYC into a tenants' market

By Lois Weiss



In Midtown, the new 7 Bryant Park is beginning to rise.

Many tenants are inking deals and boosting rents, especially downtown. But with dozens of new developments and renovations on the horizon, a sense of unease is growing as the new mayoral administration arrives.

Jimmy Kuhn, president of Newmark Grubb Knight Frank, ticked off a series of new projects that include Hines' 7 Bryant Park, the Port Authority and the Durst Organization's One World Trade Center, Larry Silverstein's 2, 3 and 4 World Trade Center, Related's Hudson Yards,

Joseph Moinian's 3 Hudson Blvd., other Hudson Boulevard towers, Brookfield Office Properties' Manhattan West and Edward J. Minskoff's 51 Astor Place.

If Mayor-elect Bill de Blasio rejiggers the zoning of Midtown East, it could affect plans for L&L Holding's 425 Park Ave., SL Green Realty Corp.'s One Vanderbilt and any buyer of the MTA's 347 Madison Ave. headquarters.

Renovations are underway at RFR Holding's 285 Madison, L&L and RREEF's 380 Madison, Brookfield's Brookfield Place and 450 W. 33rd St., as well as Vornado Realty Trust's 7 W. 34th and 330 W. 34th.

Space is being absorbed by Sony, which could lease 500,000 square feet at 11 Madison Ave., depending on plans by current tenant Credit Suisse.

Time Warner is likely consolidating at Hudson Yards and selling 800,000 square feet at Time Warner Center to the Related Companies, the developer of both.

Law firm Jones Day will move to 330,000 square feet at 250 Vesey St. at Brookfield Place and leave the 384,607-foot 222 E. 41st St. vacant.

Warner Music will move to 288,250 square feet at 1633 Broadway from 75 Rockefeller Plaza, a 630,000-square-foot building to be overhauled by RXR Realty.

Similarly, Durst must fill 842,000 square feet at 4 Times Square after Conde Nast moves to One WTC.

Because big tenants plan years in advance, “That gives more time for the building owner with upcoming vacancies to market those spaces,” said Howard Grufferman, vice chairman of Colliers International.

Bruce Mosler, chairman global brokerage at Cushman & Wakefield, says interest for Manhattan West and 450 W. 33rd St. “means companies are willing to spend capital and feel bullish on the market, and that New York is still robust and healthy.”

While the financial services industry contracts, job growth continues in media, technology and tourism, said Anthony Malkin, head of Empire State Realty Trust, Inc. “That translates into solid activity in Midtown South,” he said.

Last week, PVH Corp. signed a lease to expand to 225,000 square feet at ESRT’s 501 Seventh Ave.

Downtown spaces can cost half to a third of prices in Midtown, said Kent Swig, president of Swig Equities, which owns many office buildings.

Daniel M. Blanco, principal of Broad Street Development, which also owns several commercial buildings, said rents for pre-builts in their 55 and 61 Broad St. are in the high \$30s and low \$40s per foot. “You build and they lease it,” Blanco said.