

THE REAL DEAL

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Offices pile on high-end amenities

But debate remains over what, exactly, New York tenants want -- and need -- in their towers

By John Celock



Brett Greenberg of Office Media Network, in front of one of the Wall Street Journal Office Network televisions in 1065 Avenue of the Americas.

Roof decks, open-air gardens with footbridges and news screens with constantly updated coverage. Welcome to the new wave of amenities for tenants -- Manhattan commercial tenants, that is.

At 125 Maiden Lane, a 350,000-square-foot office building that is being half leased and half sold off as commercial condos, Time Equities Inc. has created many amenities for tenants: a rooftop deck, a gym, a rotating art exhibit in the lobby and occasional tenant parties.

According to Michael Rudder, director of leasing and sales for Time Equities, the rooftop deck and gym are new amenities created as a part of the company's focus on tenant retention. The roof conversion included clearing away the area around air ducts and planting grass and placing chairs. The new deck, he said, allows tenants sweeping views of the East River and South Street Seaport.

The gym is a recent addition following the conversion of storage space, and it comes complete with several exercise classes. Rudder said Time Equities has long considered the lobby a good place for art exhibits and now uses that space to showcase a variety of artists at rotating exhibits. The exhibits are set up to debut during tenant networking parties and have attracted non-tenants as well.

"The return on investment is undeniable," Rudder said. "While people don't lease or buy space because of amenities, it puts the building into a better light."

The new New York Times building on 42nd Street, developed by Forest City Ratner, will feature several central tenant amenities.

First, the lobby will contain an open-air moss garden with footbridge. Second, the new tower's elevators will be fast, traveling up to 1,600 feet -- more than a quarter-mile -- a minute. Last, there will be large central spaces: a 378-seat auditorium along with a 400-seat catering facility.

Other observers noted that dining facilities and newsstands, along with nearby amenities, such as cleaners and shoe repair, are also in demand.

Yet some real estate observers do not see the future of tenant amenities being gyms and rooftop decks, but rather a focus on safety and emergency preparedness, along with providing information. Outdoor space is considered a perk to some brokers and clients, but it's not a deal breaker.

In addition, sources said that onsite conference facilities for either board meetings or large presentations are more in demand with commercial clients than a place to host a cocktail party is.

One company that is providing information amenities is Office Media Network, a Chicago-based communications company that debuted their new Wall Street Journal Office Network in late June. Developed in partnership with Dow Jones & Company, the owner of the Journal, the network consists of flat-screen televisions placed in lobbies and other locations that provide streaming news from the paper, according to Brett Greenberg, Office Media Network's senior vice president for real estate development.

Three screens are now operating in the lobby of 1065 Avenue of the Americas; the screens allow the building owner to display their logo or other information as well.

OMN's CEO, Jim Harris, touts the new screens as providing more information to the tenants than old-style elevator screens. One portion of the screen, which updates every 15 seconds, is dedicated to the Journal news content, while other portions allow for advertising and market reports. The building owner can override the system in an emergency to display relevant information.

"Clearly, communication with tenants is important to real estate companies," Harris said, noting that the network offers a modern solution to the problem of, say, welcoming a new tenant. (Some owners, he notes, "have beautiful architecture -- and they put up easels!")

OMN installs the screens for free in the buildings and handles all maintenance issues, Harris said. While the original business plan for OMN called for working with building owners, Harris noted that there has been interest from companies to install screens in their areas of the building in order to provide information.

John Brod, principal of PBS Realty Advisors, said that modern safety amenities are more important than fitness centers. Brod pointed in particular to backup generators, telecomm backups and emergency preparedness drills. "It is the smart stuff that helps the tenant operate in the case of emergency," he said. "I am not sure a gym can do that."

Brod noted that one trend is for the management company to negotiate a deal with a nearby gym for tenants, rather than take revenue-bearing space for the amenity.

Bill Tresham, the former chief operating officer of Trizec Properties (which owned 1065 Avenue

of the Americas until merging with Brookfield Properties recently), said that in 1065, management was looking for a way to provide more information to tenants and to handle emergency information.

He noted that Trizec's philosophy was to provide functional amenities, such as conference rooms and emergency preparedness, along with special programs, such as heritage month programs and blood drives.

"Management's ability to react to the needs of the customer is more important to them staying than other items," Tresham said.