

WHY HUDSON YARDS IS MAKING 93% OF NYC'S OFFICE MARKET SEEM OBSOLETE

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London and Hong Kong have added over 20% of new office supply since 2000. In the same time frame, New York has only added 7%. That small fraction is head and shoulders above the other 93% of office buildings in the city, and it's changed the game in attracting tenants.



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At Bisnow's 2016 East Coast BOLD conference yesterday, Cushman & Wakefield executive director Justin Royce (center) said new structures like 180 Maiden Lane simply offer the best value, with higher quality, lower utility costs and amenities.

Recalling his experience with Hudson Yards, Related Cos VP Stephen Winter (right) says new construction's appeal doesn't just lie in lower cost receipts. When Hudson Yards started leasing, Related pitched tenants on how efficient the buildings would be and their lower cost-to-employee ratio.

“Those numbers impress the CFOs, but don’t get over the hump with CEOs,” he told the crowd of around 200.

Instead, Related started pitching amenities and technology only new construction offers, which has the power to attract and retain talent, which resonates more with top brass and helped Related get ahead of the curve. Now, he says, the firm’s no longer focused on just filling up the space, but getting the highest rents it can.



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Silverstein Properties chairman Larry Silverstein (pictured with MHP Real Estate Services CEO Norman Sturner) says the quality of the World Trade Center makes him confident he can land an anchor tenant for 2 World Trade Center after negotiations with Rupert Murdoch fell through. He said there’s a deal in the works on a replacement anchor, but couldn’t offer more specifics.

Amenities are another way a building can stand out. While some companies (like CEO Nick Romito’s, on the far left, VTS) may be content with a simple CitiBike dock, the sheer variety and capabilities possible have made tenants want more.

Hudson Yards, Stephen says, is required to have 50% open space—which provides a campus/small-town feel not found anywhere else—as well as a 60k SF Equinox, the world’s first Equinox Hotel and 100k SF of food and beverage space, with multiple restaurants run by Michelin-star chefs.



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Related is even tapping the amenity of easy transportation access by buying other properties along the 7 line, including two buildings in Long Island City.

L&L Holding Co, leasing director Andrew Wiener (second from right) says, had less flexibility, but did what it could to give 425 Park and 390 Madison an increased focus on wellness, with improved air filtration, larger windows and outdoor terraces. These, he says, can help reduce sick days and make healthier, more productive workers.

Those trying to set their properties apart might consider far-flung future tech like holographic concierges (as suggested by HOK principal Bill Bouchey) and electronic check-ins, something BuzzFeed corporate real estate and facilities senior director Gabrielle Rubin Deveaux (far left, with Sonos global real estate and facilities project manager Chad Lundeen, Onyx Equities managing principal Jonathan Schultz, and Bloomberg corporate real estate and facilities global head Lauren Eckhart Smith) says her firm has considered.

Describing such an amenity as a “novelty that’s nice to have, not a need to have,” she added that many still enjoy the experience of someone saying hello to them and offering them coffee.

“Alexa can do that,” Jonathan quipped.



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The biggest attractive element these new offices have is their flexible, open floor plans, which give the younger workforce—of startups and mature companies—more options of where and how to work and the potential to keep innovating, expanding and densifying.

Andre Kikoski Architects founder Andre Kikoski (far right, next to HARMAN International marketing head Punit Kulkarni) says these spaces may be helping the industry move toward a more “boundary-less” office, where any and every space can be considered an office.

Heritage Equity Partners founder Toby Moskovits (second from left) says she’s already seen leases shorten, top financial services firms completely eliminate desks and one-bedroom apartments in her Brooklyn properties function as combinations of live/work spaces.

While companies and younger workers love flexibility and connectivity, they’re also looking for something authentic and iconic, Woods Bagot global head of workplace Sarah Kay (center) says. Developers either need to provide a distinct architectural experience like Hudson Yards, or tap into a neighborhood’s aesthetic, as Toby has done with 25 Kent Ave’s brick and masonry.

25 Kent also has a modular structure that allows firms to expand and shrink their stakes as needed, Toby adds, creating “nowstalgia,” a mix of current and classic, or “sentimentality and functionality” as Scott Brownrigg director Chris Blackadder (far left) put it.