

# THE WALL STREET JOURNAL.

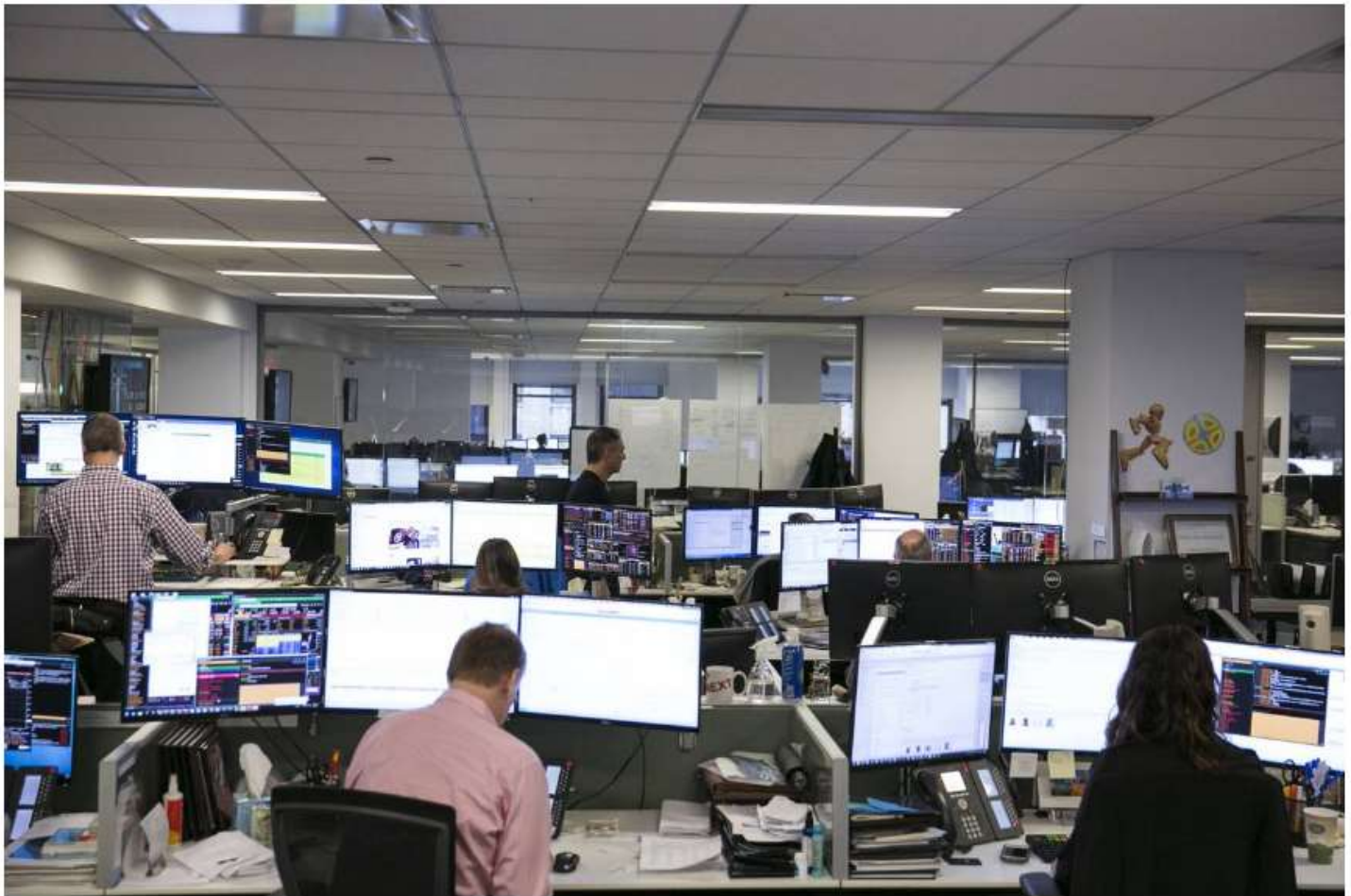
March 4, 2018

[Link to Article](#)

U.S. | NEW YORK | COMMERCIAL REAL ESTATE

## **‘Fintech’ Firms Take Bigger Bite of Manhattan’s Office Market**

Growth of leasing in the financial technology sector reflects maturity of city’s overall technology sector



Employees work at the current Liquidnet office in Manhattan, New York. PHOTO: CAITLIN OCHS FOR THE WALL STREET JOURNAL

*By Keiko Morris*

Financial technology providers are gobbling up Manhattan office space as they expand operations and seek to tap the city’s growing tech labor force.

The space leased by financial technology companies or units of larger companies totaled about 877,000 square feet last year, almost triple the amount in 2014, according to real-estate services firm JLL.

The big drivers of demand have been the established financial-services firms and banks, which are adding space for digital operations aiming to shake up the status quo. But the city also has become fertile ground for not-so-young startups that are ratcheting up their staff, as well as for outposts of firms based in Silicon Valley.

“They are tapping into the acumen of the financial services sector here and the acumen we have built around the technology sector,” said Sean Coghlan, JLL director of research.

The growth of leasing in the financial technology sector, often referred to as fintech, reflects the maturity of the city’s overall technology sector in the past decade, with household names such as [Alphabet](#) Inc.’s Google, [Facebook](#) Inc. and [Amazon.com](#) Inc. continuing to increase their presence in New York City. Venture-capital funding for financial technology reached about \$2.2 billion in 2017, roughly double the figure in 2014, according to PricewaterhouseCoopers LLP.

Earlier this year, [Alphabet agreed to acquire](#) the 1.2 million-square-foot Chelsea Market building for more than \$2 billion. Last year, [Mastercard](#) Inc. signed a lease for all of the 212,500 square feet at 150 Fifth Ave. in the Flatiron District, almost tripling the size of its current Manhattan technology hub now located at 114 Fifth Ave. [JPMorgan Chase](#) & Co. also [more than tripled the amount of office space](#) leased last year for its digital teams at Five Manhattan West, a redeveloped building that is part of a rising mixed-use project on the far West Side.

“With fintech, it’s the tech part of that that is affecting everybody and everything,” said David Levinson, chief executive of [L&L Holding](#) Co. , which is overhauling 150 Fifth Ave. “Everybody is trying to figure out how to get ahead of this so they don’t get blindsided by something that a competitor is doing.”



Liquidnet now has 250 to 300 employees located in a 100,000 square-foot Garment District office. PHOTO: CAITLIN OCHS FOR THE WALL STREET JOURNAL

In addition to the growth of New York City's overall tech sector and its concentration of financial firms, the city's attraction as a place young college grads want to live is another reason rapidly growing financial technology firms have chosen locations here. An estimated 36.4% of people living in Manhattan are millennials, defined as those born between 1980 and 2000, compared with 28.5% nationwide, according to Ken McCarthy, principal economist for real-estate services firm Cushman & Wakefield.

Seth Merrin, chief executive and founder of Liquidnet, a global institutional trading network, started the firm in 2000 in New York City with about 10 employees. Today, the company has about 400 employees across the world with 250 to 300 located in a 100,000-square-foot Garment District office.

Liquidnet has signed a lease for a larger space of 126,427 square feet at 620 Eighth Ave., the New York Times building.

"We're doing a lot of recruiting at universities and bringing in kids that might have gone to Silicon Valley," Mr. Merrin said. "First, we're in New York and that's cool. And it's a great experience to be able to disrupt the financial services area."

While many fintech companies have targeted the popular neighborhoods of Midtown South such as Chelsea and the Flatiron District, these firms have also set up shop across other Manhattan submarkets as well as Brooklyn. SS&C Technologies Holdings Inc. last year signed a lease for 135,603 square feet at the Durst Organization's 4 Times Square, more than doubling the space at the company's previous office, according to Durst.

DailyPay, a company that allows employees to control the timing of their pay, has more than doubled its space at 55 Broad St, according to the Rudin family, the building's owner. Dock 72, the Rudin family's office venture with [Boston Properties](#) Inc. in the Brooklyn Navy Yard, also has garnered some interest from firms in this sector.

"The rise of fintech is tied to the strength of the city," said Bill Rudin, chief executive of Rudin Management Co., the operating arm of the Rudin family's real-estate holdings. "We've created an ecosystem that supports these companies and helps them find talent and provides support services, like legal, marketing and other technology companies. So it all builds off of the city's strength."