

New York offices are getting swankier to lure millennials

By Lois Weiss
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Aetna is moving to the Meatpacking District's 61 Ninth Ave.
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As gateway cities like New York continue to outperform suburban leasing markets, they are putting more pressure on companies to either relocate or establish tech-savvy teams in cities — or be left behind.

Remember when MasterCard exited the city for Purchase, NY, in 1995? It wasn't long before UBS decamped for new Stamford, Conn., headquarters with a column-free trading floor big enough to hold 23 basketball courts.

Now UBS has been exiting Stamford in favor of its 1285 Sixth Ave. office. And MasterCard — which bought its Purchase campus in Westchester County — finally took a small office in the Flatiron District, at 114 Fifth Ave., and may soon take up an entire 150,000-square-foot building at 150 Fifth Ave.

Aetna has also decided to forgo its historic home in the “insurance city” of Hartford, Conn., for a spot in 61 Ninth Ave., a brand-new building in the Meatpacking District.

It's the latest leasing trend. “We are seeing headquarter-type tenants move into New York,” says Mitchell Konsker, vice chairman of JLL.



MasterCard is eyeing 150,000 square feet at 150 Fifth Ave.

Alan Schindler

Faced with recruiting Internet Age millennials who prefer the walk-and-bike lifestyle, companies are embracing urban offices.

“The country is going through a technology revolution, and companies need to win a war for talent,” says Josh Kuriloff, executive vice chairman at Cushman & Wakefield. “It’s all about recruiting millennial and Generation Z [born mid-90s to mid-2000s] employees.”

That’s why giant office complexes like Hudson Yards and Manhattan West are attracting dozens of major companies, which are leasing millions of square feet.

“Those places are all about amenities, health and wellness, and hospitality,” Kuriloff says. “Those are a magnet for the millennial generation.”

Companies looking to lease are drawn to new construction and nice amenities.

“You’ve got to give people what they want: beautiful lobbies, common areas and even health clubs,” says Michael Laginestra, vice chairman of CBRE.

Buildings such as L&L Holding Company’s 425 Park Ave. and 390 Madison Ave., along with the Rockefeller Group’s 1271 Sixth Ave., are getting complete makeovers and signing leases.

“There is a significant flight to quality,” agrees Rob Ward, president and CEO of Skanska, a construction and development company. “We see tenants moving into newer product and getting more efficient — taking less space and accommodating the same or more people.”

E-commerce is also turning the traditional retail model on its head. Everything is ordered and paid for via websites or mobile phones. That’s why Amazon, Google, Facebook and Spotify are among those firms expanding their offices in New York City.

Even legacy financial firms like JPMorgan Chase have realized they need a robust technology platform. That institution is already expanding its tech divisions by 305,000 square feet in the high-ceilinged former warehouse at 5 Manhattan West where it previously leased 123,000 square feet. It’s also where Amazon just signed for 360,000 square feet. Whole Foods is opening an outpost on the ground floor.

Lots of new office-building construction means there’s unprecedented opportunity for large tenants, adds Matt Barlow, executive vice president of Savills Studley. “You can pick your neighborhood and pick your price range ... years ahead to satisfy their needs,” he says.

Tenants are justifying their moves to new construction — and its accompanying higher rents — with cutting-edge efficient design.

Kuriloff also believes the East Side Access project — which is connecting the Long Island Rail Road with Grand Central Terminal — will be a boon to Midtown and the East Side generally. It’s slated for completion in 2023.

“It’s transformational, and the industry is so far underestimating the value proposition,” he says. “2021 is around the corner, and the [large] companies are making decisions for 2023 today.”

Also transit-related: the overhaul of the James A. Farley Post Office across from Penn Station into the Moynihan Train Hall started over the summer.

When complete in 2020, the Farley building will contain 750,000 square feet of office space. “There is connectivity to Hudson Yards and Penn Station,” Barlow says, “and that is a formula for success.”



Michael Laginestra
CBRE