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# As Economic Recovery Takes Hold, Small Biz Is Having Big Impact On Office Leasing

**By Konrad Putzier**

When the design company S2 Design recently decided it would need more space to accommodate for a burst of clients, it had two options: move to a new location or expand in its current building on West 22nd Street.



20 West 22nd Street

For Principal Jamie Stedman-Novo, the choice wasn't difficult. "Moving is a lot of work and a big expense," she said. "Staying was just easier. We like the building and the landlord."

In March, when S2's neighbor moved out, the company leased the adjacent office and increased its space by more than half from 2,835 to 4,325 square feet.

S2's decision to stay put is typical for Manhattan's services sector. As the city's economy is growing, more and more small and mid-sized companies are faced with a decision on how best to expand their office space. Many choose to grow organically – a trend that benefits both tenants and landlords.

Apart from saving time and money, S2 Design enjoyed the added benefit of staying with a landlord it had built a trusting relationship with over seven years. But more importantly, Jamie Stedman-Novo could stay in an office she had grown attached to. "We built this office up from scratch. Before, it was just one big open space," she said.

Stedman-Novo said the expansion went smoothly. S2 Design even stayed in the offices while a contractor, who tried to keep the noise down, worked on the expansion.

S2's decision to stay was also a boon for the property manager, ABS Partners Real Estate. Over the past year, four of its tenants at 20 West 22nd Street – a 16-story building with more than 80 office units – moved into larger offices in the same building.

The most notable expansion was that of Materne America, producer of the popular apple sauce Go-Go Squeeze, which more than tripled its office size to 11,000 s/f and now occupies an entire floor.

**Jason Fein, who co-manages the building for ABS**, sees such expansions as advantageous for both sides. "There's an existing relationship, the tenant knows what to expect from the landlord", he said. "When we've had a good relationship with a tenant, we try to keep that going."



Jason Fein

But Fein also pointed out the difficulties of finding larger office spaces within a building. “It’s like working a puzzle,” he said, adding that ABS is in constant contact with tenants over their growth strategies. “We often take a look at the floor plan and try to strategize six months in advance to see what opportunities might occur.”

One of the building’s puzzle pieces is the ad agency Grok. While S2 Design simply expanded its office, Grok moved to a larger space on a different floor. “We love the neighborhood and the building and when we outgrew our original space on the 5th floor, we wanted to try to stay in the building,” said Grok’s co-founder Tod Seisser. Another reason for staying, according to Seisser, was the length of the initial lease, which still had several years on it.

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